



**EVINIX ACCESSORIES LIMITED**

Registered & Corporate Office: KH 43, Sector 45, Mewla Maharajpur, Faridabad (Haryana) 121003

Phone No: +91 129 2439654/55 Fax No: +91 129 2437582 e-mail : investors@evinix.in

Contact Person: Mr. Dinesh Garg, Company Secretary & Compliance Officer: Website: www.evinix.in

(Originally incorporated as Evinix Fashion Accessories Private Limited on May 1, 1996 under the Companies Act, 1956, subsequently changed its name to Evinix Accessories Private Limited on 20th March 2003 and converted to Public Limited Company on 3rd Feb 2006.

For details in changes of registered office of the company, please refer to page 56 of this Red Herring Prospectus)

**PUBLIC ISSUE OF 35, 00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF RS. [ ] PER EQUITY SHARE AGGREGATING TO RS. [ ] LAKHS ('THE ISSUE'). THE ISSUE WOULD CONSTITUTE 32.71 % OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY CAPITAL OF THE COMPANY**

**PRICE BAND: Rs.100 TO Rs.120 PER EQUITY SHARE OF FACE VALUE Rs. 10/- EACH**

**ISSUE PRICE IS 10 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 12 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

The Issue is being made through 100% Book Building Process, where at least 50% of the Issue shall be allocated on proportionate basis to Qualified Institutional Buyers (5% of the QIB portion shall be available for allocation on proportionate basis for Mutual Funds only). If at least 50% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded. Further not less than 15% of the Issue shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Investors on proportionate basis, subject to the valid bid received at or above the issue price.

In case of revision in the Price Band, the Bidding period shall be extended for 3 additional working days after such revision, subject to the Bidding/Offer Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager and the terminals of the member of the Syndicate.

**RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC**

This being the first issue of the Equity Shares of Evinix Accessories Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares of the Company is Rs. 10/- per share and the Issue Price is 10 times of the face value at the lower price band and 12 times of the value at the higher price band of the Equity Shares of the Company. The Issue Price (as has been determined and justified by the Book Running Lead Manager and the Company as stated herein under the paragraph 'Basis of Issue Price') should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page no. iii of this Red Herring Prospectus.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE). The in-principle approval of NSE and the BSE for the listing of our Equity Shares have been received pursuant to letters dated November 14, 2006 and October 30, 2006, respectively. BSE shall be the Designated Stock Exchange.

**IPO GRADING**

The Company has opted for Grading. CARE has assigned IPO GRADE 2 to the Initial Public Offering of the Company. For more information on IPO Grading please refer to page no.7 of this Red Herring Prospectus.

<b>BOOK RUNNING LEAD MANAGER TO THE ISSUE</b>	<b>REGISTRAR TO THE ISSUE</b>
<p><b>Allianz Securities Limited</b>                      2nd Floor, 3 Scindia House                      Janpath, New Delhi-110001                      Phone: +91 11 41514666-69                      Fax: +91 11 41514665                      Email: evinix.ipo@aslfincial.com                      Website: www.aslfincial.com                      Contact Person: Ms Payal Puri</p>	<p><b>Beetal Financial &amp; Computer Services (P) Limited</b>                      Beetal House, 3rd Floor, 99, Madangir,                      Behind Local Shopping Centre, New Delhi -110062.                      Ph: +91 11 29961281                      Fax: +91 11 29961284                      Email: beetal@beetalfinancial.com                      Website: www.beetalfinancial.com                      Contact Person: Mr. S. P. Gupta</p>

**ISSUE PROGRAM**

<b>ISSUE OPENS ON: FEBRUARY 12, 2007</b>	<b>ISSUE CLOSURES ON: FEBRUARY 15, 2007</b>
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## SECTION I : DEFINITIONS AND ABBREVIATIONS

## DEFINITIONS

Terms	Description
“Evinix Accessories Limited”, “EAL”, “Our Company” “We” or “us” and “our”	<b>Unless the context otherwise requires, refers to</b> Evinix Accessories Limited, a Public Limited Company incorporated under the Companies Act, 1956
Promoter (s)	Unless the context otherwise requires, refers to Mr. Rajeev Taneja, Mr. Sanjay Taneja and M/s Ambros Export Pvt Limited

## Conventional / General Terms

Terms	Description
Articles/Articles of Association	Articles of Association of Evinix Accessories Limited.
Auditors	The Statutory Auditors of the Company, viz, M/s A.S Patwa & Co., Chartered Accountants
Board of Directors / Board	The Board of Directors of Evinix Accessories Limited
BSE	The Stock Exchange, Mumbai
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Director(s)	Director(s) of Evinix Accessories Limited, unless otherwise specified
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of Evinix Accessories Limited.
NRIs/ Non-Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA Regulations, 2000
NRE Account	Non Resident External Account
NRO Account	Non-Resident Ordinary Account
NSE	National Stock Exchange, Mumbai
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
RBI	Reserve Bank of India constituted under the RBI Act
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time
Registered Office	KH 43, Sector 45, Mewla Maharajpur, Faridabad (Haryana) 121003
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 Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
Stock Exchanges	NSE and BSE

**Issue Related Terms**

<b>Terms</b>	<b>Description</b>
Allianz	Allianz Securities Limited
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being / have been issued.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the issue, which shall be notified in an English National Newspaper, a Hindi National Newspaper, all with wide circulation.
Bid cum Application Form/ Bid Form	The form in terms of which the Bidder shall make an offer to subscribe the equity shares of the Company in terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this 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 may submit their Bids
Book Building Process	Book Building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue being Allianz Securities Limited
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus or DRHP	Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of the Company will be opened
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The price advertised by the Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids will be accepted

<b>Terms</b>	<b>Description</b>
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with BRLMs on the Pricing Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Members of the Syndicate	The BRLMs and the Syndicate Members
Mutual Fund portion	5% of QIB portion or 87,500 equity shares available to allocation to Mutual Funds only, out of QIB portion.
Non-Institutional Portion	The portion of this Issue being at least 15% of the Issue Size consisting of 5,25,000 Equity Shares of Rs. 10 each, available for allocation to Non Institutional Bidders.
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLMs and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means:(i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and(ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	Being the price band of a minimum price of Rs. 100 per Equity Share (Floor Price) and the maximum price of Rs.120 per Equity Share (Cap Price)(both inclusive), and including revision thereof.
Pricing Date	Means the date on which the Company, in consultation with the BRLMs, finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC 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/ Issue	Initial public offering of 35,00,000 equity shares of Rs. 10/- each at a price of Rs. [•] for cash aggregating to Rs. [•] Lakhs (hereinafter referred to as the issue). The issue would constitute 32.71% of the fully diluted post issue paid up equity capital of the company.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Bid / Issue Opening Date
QIB	Qualified Institutional Bidders
QIB Portion	Consists of 17,50,000 Equity Shares of Rs. 10 each aggregating at a price of Rs. [•] for cash aggregating Rs. [•] Lakhs being at least 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Red Herring Prospectus or RHP	Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allotment
Registrar/Registrar to the Issue	Registrar to the Issue being Beetal Financial & Computer Services (P) Limited.
RoC / Registrar of Companies	Registrar of Companies, NCT of Delhi & Haryana
Retail Portion	Consists of 12,25,000 equity shares of Rs. 10 each aggregating Rs. [•] Lakhs, being at least 35% of the Issue, available for allocation to Retail Individual Bidder(s).

Terms	Description
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 1,00,000.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Syndicate Agreement	Agreement to be entered into amongst the BRLMs, Syndicate Member(s) and the Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs and in this case, being Allianz Securities Limited and Almondz Capital Markets Private Limited
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of this Red Herring Prospectus
Underwriters	The BRLM and the Syndicate Members

#### Technical and Industry Terms

GATT	General Agreement on tariff and trade
BED	Basic Excise Duty
PDC	Post Dated Cheques
LOP	Letter of Permission
NFE	Net Foreign Exchange earnings
NSEZ	Noida Special Economic Zone
SASF	Stressed Assets Stabilization Fund
TUFS	Technology Upgradation Fund Scheme
WTO	World Trade Organization

#### Abbreviations of General Terms

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
EPS	Earning Per Share
EGM	Extraordinary General Meeting
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIs	Foreign Institutional Investors (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Gol/Government	Government of India
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
IT Act	Income Tax Act, 1961, as amended from time to time
MoF	Ministry of Finance, Gol
MFA	Multi-Fibre Agreement
MoU	Memorandum of Understanding

<b>Abbreviation</b>	<b>Full Form</b>
MT	Metric Ton
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
RoC	Registrar of Companies, NCT of Delhi & Haryana
ROE	Return on Equity
RONW	Return on Net Worth
Rs.	Rupees
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
Sec	Section
US	United States of America
USD/ US\$/ \$	United States Dollar

**CERTAIN CONVENTIONS; USE OF MARKET DATA**

In the Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender.

Unless stated otherwise, the financial data in the Red Herring Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in the Red Herring Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In the Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Red Herring Prospectus see the section titled 'Definitions and Abbreviations' on page no. a of this Red Herring Prospectus.

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



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**FORWARD LOOKING STATEMENTS**

Statements included in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expression or variations of such expressions, are “forward-looking statements”.

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

- General economic and business conditions in India and other countries
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- Loss of business from significant clients.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political condition in India

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page no (iii) 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 our Company, BRLM 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, Our Company, and the Book Running Lead Manager 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.

## SECTION II : RISK FACTORS

*An investment in equity shares involves a higher degree of risk. Investors should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this Red Herring Prospectus could have a material affect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment.*

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

### INTERNAL TO THE COMPANY

**1. The proposed expansion project of our Company has not been appraised by any Bank or Financial Institution and is based on the estimates of the management of the Company.**

The management of our Company has experience in implementing similar projects in the past. Accordingly, based on its past experience and the plans to be executed, the cost has been estimated. However our Company has been sanctioned a term loan of Rs 250 Lakhs by Standard Chartered Bank towards part funding of the project. For details of the past project, please refer to section titled "Our Business" appearing on page no. 35 of this Red Herring Prospectus.

**2. The proposed expansion project is funded by the Public issue to the extent of around 85%. Any delay in raising funds from IPO may have an adverse impact on the future performance of our company.**

Our Company is presently using its internal accruals to start the project implementation pending the public issue. We have already acquired the unit at NSEZ and have paid Rs. 389.62 lakhs till December 31, 2006.. In case of delay in raising equity, we propose to raise additional debt from banks to ensure timely implementation of the project.

**3. The Company is promoted by first generation entrepreneurs i.e. they have not inherited the business and the investors will be subject to all consequential risk associated with such ventures.**

Mr. Rajeev Taneja and Mr. Sanjay Taneja, the promoters of our Company are technocrats and have experience of 15 years in the fashion/textile industry. Our Company has also employed a team of professionals in key areas of production, marketing and finance with several years of relevant experience.

**4. The purchase consideration for the building, plant & machinery and other fixed assets of Finesse Exports Private Limited has been determined at Rs. 415 lakhs by the buyer and seller without undertaking any valuation from an independent professional**

Our promoters have an experience of 15 years in the fashion/textile industry and understand the commercial and technical aspects of machineries, which is essential in this industry. Hence, no necessity was felt for involving independent professionals from outside the organisation. For details of the valuation of purchase consideration please refer section titled "Objects of the Issue" appearing on page no 16 of this Red Herring Prospectus.

**5. Our Company has not yet placed orders for all the Plant & Machinery and miscellaneous fixed asset for the proposed expansion. Any delay in placing the orders or procurement of plant and machinery may delay implementation schedule. Such delays may also lead to increase in prices of these equipments further affecting the cost.**

We have purchased indigenous plant & machinery to the extent of Rs. 49.95 lakhs and have already placed orders for imported plant & machinery of Rs. 54.57 lakhs at NSEZ unit, out of total plant & machinery of Rs. 1225.20 lakhs. For the rest of the machineries we have received quotations from the suppliers and the order will be placed in line with the expansion plan of NSEZ unit. For details of the orders placed and machinery already purchased please refer to section titled "Objects of the Issue" appearing on page no. 16 of this Red Herring Prospectus.

**6. Our Company has suffered losses amounting to Rs. 84.41 lakhs and Rs. 245.77 lakhs in financial years 2002-03 and 2003-04 respectively and our net worth was negative amounting to Rs. 123.46 lakhs as on March 31, 2004.**

The losses were due to cancellation of orders in the wake of Iraq war by the buyers as well as rejection of goods and delay in supplies of raw material requiring airlifting of consignments at our cost. However, subsequently our Company's net worth turned positive in the subsequent year 2004-05. In order to ensure regular supply of raw materials and avoid any repeat of such adversity, we have developed a number of alternative suppliers. For details, please refer to section titled "Financial Information of the Company" appearing on page no. 74 and "Management Discussion and Analysis of Financial Condition and Results of Operations" appearing on page no 86.

**7. Our Company has following contingent liabilities not provided for in the books of accounts:-**

(Rs. in Lakhs)

Particulars	As on September 30, 2006
Letter of Credits	4.54
Bank Guarantee	87.22
Claims against the company not acknowledged as debt	9.05

**8. The following group company is in losses:**

Name of the Company	Profit/(Loss) for the year ended of March 31, 2003 (Audited) Rs. (in Lakhs)	Profit/(Loss) for the year ended of March 31, 2004 (Audited) Rs. (in Lakhs)	Profit/(Loss) for the year ended of March 31, 2005 (Audited) Rs. (in Lakhs)	Accumulated losses up to March 31, 2006 Rs. (in Lakhs)
Alok Electrical Pvt Limited	(0.02)	(0.01)	(0.33)	(0.44)

**9. Loss of business from top five major clients, which account for 46% of our business, may affect our revenues adversely.**

We are having relationship with our large value buyers and are getting repeat orders. For details of our top five customers, please refer to section titled "Our Business" appearing on page 35 of this Red Herring Prospectus. However, to address any possible customer dependency risks, we have developed approximately 15 exports and 10 domestic customers.

**10. Our Company does not have any long-term contracts with our buyers and gets the orders from season to season.**

Our Company supplies directly to the International Buyers or through their Liaison Offices/Buying Houses in India. As per the business practice in the segment, the buyers do not enter into long-term contract with the suppliers. However we have long term relationship with our buyers which is evident from their repeat orders and we do not foresee any problems in this respect in future also. For details of the repeat orders from our clients, please refer to section titled "Our Business" beginning from page no. 35 of this Red Herring Prospectus.

**11. Our Company is a part of the fashion accessory industry & needs to keep abreast with the rapid changes in buying habits, buyer's requirements and fashion trends.**

Our Company has a dedicated department, which is called Design and Development Department with five designers and four sampling masters for developing new designs and converting design ideas and concepts into products. The marketing department of our Company, with four senior employees along with eighteen merchandisers, is responsible for keeping track of the buyers requirements and fashion trends. Further, we subscribe to various magazines, and visit international fairs and seminars on regular basis for vital inputs about the latest trends in fashion.

**12. Our Company does not have long term supply agreement from suppliers of raw materials.**

Our Company procures raw materials viz. different type of fabrics, accessories & leather for our different manufacturing activities from India and abroad. The order for raw material is given on the basis of specification of orders received from our customers. In few cases the customers specifies the vendor from whom the raw material is to be purchased. Thus it is not possible to enter into long term supply agreements for raw material. Further, these raw materials are easily available in the market and our management does not foresee any problem in its availability in future also.

**13. Our Company's manufacturing activities are highly labour intensive and depend on availability of skilled and unskilled labourers in large numbers. Non-availability of labourers and/or any dispute may affect the business operation of our Company.**

Our Company has been handling the labour related issues efficiently and this has contributed to the smooth functioning of the operations. Besides we have formed an informal workmen committee, presently comprising of five members representing management and workmen for successful resolution of any disputes.

**14. Failure to comply with strict environmental, manufacturing, employee and other legislation compliance standards can result in de-recognition by our buyers and consequent business loss**

Our promoters have been in the industry for a number of years and understand the buyers' requirements. Further, we believe that compliance with these standards is actually helpful in maintaining good productivity and achieving production quality.

**15. There are litigations pending against our Company**

Given below is a summary of outstanding litigation against our Company. For details of the same, refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus.

Cases	No. of cases	Particulars	Total Amount (Rs. In lakhs)
Criminal	1	Criminal Case under section 138 of the Negotiable Instruments Act has been filed against our company by M/s Shariq Tanners Private Limited for dishonour of cheque for Rs. 0.66 lakhs. The Company has already paid the amount by draft of Rs. 66,776 on November 16, 2005 to M/s Shariq Tanners Pvt. Limited. against the disputed amount. Both the parties have entered into a compromise deed dated May 10, 2006 for settlement of the same. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus	0.66
Labour	8	These cases were filed by the employees of our Company for illegal termination of their services. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus	9.46
U n d e r Specific Relief Act	1	A suit has been instituted by Mr. R.S. Chauhan for declaration under Specific Relief for discharging him from his duty without prior intimation. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus	Amount not ascertainable

**B. Cases by our Company**

Cases	No. of cases	Particulars	Total Amount (Rs. In lakhs)
Criminal	1	The company has filed a criminal case against M/s Dynamic India Private Limited for dishonour of a cheque under section 138 of Negotiable Instruments Act for an amount of Rs. 1.43 lakhs towards the bill raised by M/s Evinix Consolidated, a unit of our company for undertaking job work on behalf of M/s Dynamic India Private limited. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus.	1.43

**C. Notices issued by and against our Company****1. Notice issued by our Company under section 138 of Negotiable Instruments Act**

Our Company has served notice to M/s Keep in Touch Clothing Private Limited on November 12, 2006 for dishonour of three cheques under section 138 of Negotiable Instruments Act for an amount of Rs. 2.02 lakhs towards the bill raised by M/s Evinix Consolidated, a unit of our Company for undertaking job work. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus.

**2. Notice received by our Company from Central Excise Commissionerate**

- Our Company has received a Show cause notice dated September 13, 2006 by the Directorate of Industrial Safety and Health, Haryana for violation of certain statutory provisions. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus
- Our Company has received a Show cause notice dated August 24, 2006 from the office of Commissioner of Central Excise, Central Excise Commissionerate, Delhi IV, Faridabad for manufacturing and clearing excisable goods without payment of excise duty. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus.
- The Company has also received a Summons from the Office of the Commissioner of Central Excise, Faridabad bearing no. C.No. V(AE)20/10/2006/3128 dated 19th October 2006 requiring personal appearance to tender a statement in writing on November 1, 2006 in an enquiry instituting against the Company for evasion of Central Excise. For details refer to section titled "Outstanding Litigations" appearing on page 90 of this Red Herring Prospectus

These legal proceedings are pending at different levels of adjudication before various courts and enquiry officers. Should any new development arise, such as a change in Indian law or ruling against our company, it may need to establish reserves in our financial statements, which could increase the expenses and the current liabilities to that extent.

16. **Our Company has not complied with various provisions of Companies Act, 1956 under section 383A in respect of the non appointment of Company Secretary during the period March 1, 2000 till May 11, 2001 and also under section 215 and 161 in respect of non signing of the annual return and Balance Sheet and Profit & Loss Account during last 5 years. The Company was served show cause notices for non compliance under section 383A for the period March 1, 2000 till May 11, 2001 and under section 245 for the year ended March 31, 2002 from Registrar of Companies, NCT of Delhi & Haryana. Any penalty/action imposed/ taken by any regulatory authorities in this regard may effect the operations and financials of our Company.**

Our Company has received two show cause notices from Registrar of Companies dated February 7, 2003 and dated January 24, 2006 for violation of obligation to appoint Company Secretary under section 383A of the Companies Act during the period March 1, 2000 till May 11, 2001. We have filed reply to the Registrar of Companies vide letter dated February 8, 2006. We have not yet received any communication from Registrar of Companies in relation to this matter.

Our Company was also served a show cause notice dated March 31, 2003 by Registrar of Companies under section 215 of the Companies Act 1956 for violation of Section 215(1)(ii) due to non signing of the annual accounts of the Company by the Company Secretary for the period ended March 31, 2002. We have replied to the same vide letter dated April 7, 2003. We have not yet received any communication from Registrar of Companies in relation to this matter.

17. **The Company has not been regular in depositing the amount of Provident Fund (PF) and Employees State Insurance (ESI) in the past.**

As we had incurred losses in the past, it affected our cash flow resulting into delays. However, the position has now been rectified. The details of PF and ESI dues as aforesaid, which were not paid but have now been deposited, are as follows:

Year	PF		ESI	
	Amount to be deposited (Amount Rs. in Lakhs)	Date on which amount deposited	Amount to be deposited (Amount Rs. in Lakhs)	Date on which amount deposited
March 31, 2004	1.17	May 22, 2004	0.27	May 22, 2004
March 31, 2005	0.79	June 7, 2005	0.19	June 7, 2005

There are no statutory overdue demands pending on us as on date.

18. **The mutation of the properties at 12/1 KH-43 North Sector-45, Faridabad and 404 P, Sector 21, Urban Estate Faridabad which has devolved on the Company pursuant to dissolution of the erstwhile firm "Evinix Consolidated" in its own name is yet not complete.**

Our Company has already passed a resolution signed by the promoter directors, in whose name the property was initially registered to commence the process for proper registration and mutation. The process has already been initiated and same would be completed in due course.

19. **The lease agreements for premises at 19/1 KH-43, North Sector-45, Faridabad and for premises situated at 14/3 Mathura Road, Faridabad are unregistered. In case of any dispute with the lessors, the agreements can not be considered as valid and legally binding, which in turn gives rise to legal dispute and may adversely effect our operations.**

Our Company has been having the lease arrangement with the same landlord since 1999. For 14/3 Mathura Road, Faridabad Unit, the lease has been extended vide agreement dated December 31, 2006 for a period of another three and half months i.e. upto April 15, 2007 pending finalisation of long term lease.

20. **The trademarks being used by our Company are in the name of erstwhile firm "Evinix Consolidated" and are yet to be transferred in our name. Until these trademarks are registered in the name of our Company, the status of the trademarks being used by our Company is ambiguous and due to the ambiguous status, our Company cannot protect its interest in case of third party infringement.**

Our Company has taken over the assets and liabilities of "Evinix Consolidated" erstwhile firm, which was dissolved, vide dissolution deed dated May 1, 2005. There were seven trade marks in the name of the said firm which according to the dissolution deed were the assets of our Company vide the said dissolution deed. However, our Company has applied for amendment in registration and transfers of five trademarks in the name of our Company vide our letter dated December 15, 2006 to Registrar of Trademarks, New Delhi. Since our Company does not require the remaining two trademarks, our Company has not taken any initiative for change in registration for these two trademarks which still continue in the name of the said firm.

**21. The loan agreement entered into by our Company with our bankers, contains restrictive clauses requiring the company to obtain their prior approval for undertaking various activities**

The negative covenants to which our company is subject to are usual and customary covenants. However, in respect of proposed Public Issue, the Company has obtained the No objection certificate from our lending Bankers.

**22. We are yet to receive certain statutory approvals/renewals of approvals required in the ordinary course of business.**

We have already applied for renewal under Factories Act for Kh-43, sector 45, Mewla Maharajpur Unit. We have also applied for clearance by Pollution Control Board for its aforesaid Faridabad Unit. These renewals are in ordinary course of business and we are confident of receiving approvals to the same in due course. For details of pending statutory approvals / renewals, please refer to section titled "Government Approvals" appearing on page no. 94 of this Red Herring Prospectus.

**23. We have yet to apply for electricity load from the state electricity board and certain other statutory approvals like air and water clearance from Pollution Board for the unit at NSEZ, NOIDA.**

We shall apply to the state electricity board for sanction of requisite power at an appropriate time. We propose to install one DG set of 320 KVA in the unit, which would be sufficient for our requirements till the power load is sanctioned. The application to Pollution Control Board shall also be made in due course.

**24. In the past 12 months, the company has issued equity shares, which may be at a price lower than the lower end of the price band for the equity shares being offered in the issue. The details of such issuances are as follows:**

Date of Allotment	No. of Equity Shares	Name of allottees	Category of allottee	Face Value (Rs.)	Issue Price Per share (Rs.)	Mode of allotment	Reasons for allotment
February 11, 2006	2,00,000	Neol Enterprises Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	Cash	Rights Issue
	3,00,000	Merilina Enterprises Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	Cash	
	2,00,000	Him Realty Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	Cash	
	3,00,000	Spot Light Securities Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	Cash	

**EXTERNAL RISK FACTORS**

**1. Exchange Rate Fluctuations may have impact on the performance of the Company.**

Our company manages its foreign exchange exposure actively and uses forward contracts to insulate itself from adverse exchange rate fluctuations with the help of professional advisors

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

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax, value added tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Currently we benefit from certain tax benefits that results in a decrease in the effective tax rate. There can be no assurance that these tax incentives will continue in the future.

**3. The company operates in globally competitive business environment and any changes in regulatory environment relating to manufacturing in the country or for marketing its products within and outside the country will impact the business of the company**

Our company keeps itself abreast of the various developments in relation to the regulatory environment and gears itself in order to comply with such regulatory changes. Whenever such policy changes affect our Company's business, our company works towards complying with or reckoning the policy changes and adopts appropriate strategies to sustain its business.

**4. Natural or man-made disasters, terrorist attacks or war could disrupt our operations and result in loss of revenues and increased costs.**

The consequences of any natural or man made disasters are unpredictable and the company may not be able to foresee events that could have material adverse effect on its business and financials

**Notes to Risk Factors:**

1. The Net worth of the Company as per audited financial statements as on September 30, 2006 is Rs. 1895.94 Lakhs and the size of the Issue is Rs. [\*] Lakhs.
2. The average cost of acquisition of Equity shares of the Promoters is as follows:-

<b>Name of Promoter</b>	<b>No. of shares Acquired</b>	<b>Total Amount of Consideration Paid (In Rs)</b>	<b>Average Cost of Acquisition(In Rs)</b>
Mr. Rajeev Taneja	11,18,000	53,20,000	4.76
Mr. Sanjay Taneja	11,18,000	53,20,000	4.76
M/s Ambros Export Private Limited	9,64,000	43,60,000	4.52

3. The Book value per Equity Share as on September 30, 2006 is Rs. 26.33 of Rs.10/- each.
4. The size of the Present Issue – Public Issue of 35, 00,000 Equity Shares of Rs. 10/- each at a price of Rs. [\*] per Equity Share aggregating to Rs. [\*] Lakhs.
5. There are no other ventures of promoters having business interests/ other interests in the Company.
6. Other than as disclosed in the “Related Party Information” on page no. 71 of this Red Herring Prospectus, the promoters / directors / key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
7. None of the other Ventures of the Promoters have business interests / other interests in the Issuer Company except as disclosed in the “Related Party Information” on page no. 71 of this Red Herring Prospectus.
8. No loans and advances have been made to any person(s) / Companies in which the Director(s) of the Company are interested except as stated in the Auditors Certificate. Details of “Related Party Information” as on September 30, 2006 is given on page no. 71 of this Red Herring Prospectus.
9. The Investors are advised to refer to the Para on “Basis for Issue Price” on page no. 29 of this Red Herring Prospectus before making any investment in this Issue.
10. Investors may note that in case of over-subscription, in the issue allotment to non institutional and retail portion allotment shall be on proportionate basis for more information, see “Basis of Allocation” beginning on page no. 123 of this Red Herring Prospectus.
11. The Investors may contact the Book Running Lead Manager to the Issue or the Compliance Officer for any complaint / clarification / information pertaining to the Issue.
12. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.
13. The company was originally incorporated as Evinix Fashion Accessories Private Limited on 1st May 1996 under the Companies Act, 1956, subsequently changed its name to Evinix Accessories Private Limited on 20th March 2003 and converted to Public Limited Company on 3rd Feb 2006.

## SECTION III : INTRODUCTION

### SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information on "risk factors", our financial statements and related notes beginning on page 74 of this Red Herring Prospectus, before deciding to invest in our equity shares.

### Industry Overview

The Fashion Accessory segment, in which the company operates, does not have a recognized association for monitoring and accumulation of industry data. The company manufactures and exports products made out of fabrics and textiles as primary segment. The Indian Textile currently contributes about 14 percent to industrial production, 4 percent to the GDP, and 16 percent to the country's export earnings. It provides direct employment to about 35 million people. The Textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

Source: [www.texmin.nic.in/annualrep](http://www.texmin.nic.in/annualrep)

### Our Business

We started our operation in the year 1996 as a Small Scale Industry with a focus on manufacturing of Headgears, Base Ball Caps and High Altitude Jackets using cotton textile, leather and synthetic leather mainly for exports. Later in 1998, we started manufacturing and exporting fashion bags, travel bags, school bags, wallets, belts and scarves, catering to international clients. One of our units is 100% EOU.

We are in the business of designing and manufacturing of Fashion Accessories and Garments for Exports as well as Domestic markets. Our range of products includes Bags, Caps, Hats, Belts, Scarves, Stoles, Wallets, Baby bibs, Cribs, Blanket, Fashion Apparels etc. We are also engaged in trading of Fabrics. Our Company has been continuously adding new products and new buyers in the Fashion Accessories segment. These are presently being produced at two factories with in-house facilities for fabrication, washing and embroidery.

### Key Business Strengths

- Promoted by qualified and experienced promoters:** Mr. Rajeev Taneja, Managing Director is an Electrical Engineering graduate from N.I.T under Kurukshetra University. He also holds a Post Graduate Diploma in International Trade from Indian Institute of Foreign Trade (IIFT), Delhi. Mr. Sanjay Taneja, Director -Operations is B.Tech (Textile Technology) from Technological Institute of Textiles, Bhiwani (Maharishi Dayanand University) & Post Graduate Diploma in Garment Manufacturing Technology from NIFT, Delhi. Both the promoters have more than 15 years of experience in the industry
- In-house research, design and development capabilities:** The Company has a dedicated department for developing new designs and converting design ideas and concepts into products. Taking into account the colour and trends forecasts from various fashion magazines and houses, we incorporate Indian material availabilities with our in-house capabilities to present ready-to-produce samples for our customers. This saves our customers the effort of researching for products, thereby giving our company an edge over competitors, both in domestic and international markets.
- Product re-engineering:** The products are manufactured to meet the customer's quality specifications and product life expectancy while selecting most appropriate cost-effective materials and processes.
- Dedicated product specific manufacturing facilities:** We have strived to add production capacities by installing machines for each specific end product. This ensures consistently good quality products while cutting down on production time and labour.
- Customer Relationships:** We have nurtured valuable relationships with reputed international customers, and this is reflected in the repeat business obtained from the customers ever since inception.

### Business Strategy

- Leverage existing customer relationships to increase business per customer
- Expand into fashion garments to widen the product range offering to cater to the reputed International customers
- Increase manufacturing automation to produce consistent quality at least costs
- Licensing arrangements for branded retail sales in domestic market to use the opportunity offered by booming domestic demand and organized retail



## SUMMARY OF FINANCIAL/OPERATING DATA

The following table sets forth the historical financial information of our Company derived from their restated and audited financial statements for the fiscal years ended March 2002, 2003, 2004, 2005, 2006 and for the period April 1st, 2006 to September 30, 2006, all prepared in accordance with India GAAP and SEBI guidelines, and included in the section titled 'Financial Information' on page no. 74 of this Red Herring Prospectus and should be read in conjunction with those financial statements and notes

## Annexure - I

## Statement of Profit &amp; Loss Account

(Rs in Lakhs)

Particulars	For end of the year					For the period April 1, 2006 to September 30, 2006
	March 31 2002	March 31 2003	March 31 2004	March 31 2005	March 31 2006	
<b>SALES</b>						
Of Products Manufactured by the Company (Net of Excise Duty)	1184.55	1060.14	538.59	791.81	2870.30*	1783.06
Of Products Traded by the Company	0.00	65.37	0.00	2085.37	1861.95	1275.38
Increase / (Decrease) in stocks	46.27	98.30	(112.09)	168.76	60.50	144.18
Other Income	59.49	3.15	66.47	24.06	63.32	6.27
<b>Total</b>	<b>1290.31</b>	<b>1226.96</b>	<b>492.97</b>	<b>3070.00</b>	<b>4856.07</b>	<b>3208.89</b>
<b>EXPENDITURE</b>						
Material Consumed	651.65	702.24	374.26	2239.35	2949.50	2298.89
Manufacturing Expenses	136.35	171.76	93.59	166.23	605.86	208.93
Personnel Expenses	108.61	63.31	68.77	68.38	154.33	104.08
Other Operating Expenses	205.87	271.74	114.45	136.43	261.98	98.41
Excise Duty	14.84	0.00	0.00	0.00	40.26	33.07
Misc and Deferred Revenue Exp. W/Off	1.32	1.32	1.32	1.32	1.32	0.00
<b>Total</b>	<b>1118.64</b>	<b>1210.37</b>	<b>652.39</b>	<b>2611.71</b>	<b>4013.25</b>	<b>2743.38</b>
Profit before Interest, Depreciation and Tax	171.67	16.59	(159.42)	458.29	842.82	465.51
Depreciation	12.57	15.35	15.44	12.29	37.38	22.87
Profit before Interest and Tax	159.10	1.24	(174.86)	446.00	805.44	442.64
Interest & Finance Charges	76.37	75.82	70.91	63.82	54.06	39.25
Loss on sale of Investment/Assets	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit Before Tax	82.73	(74.58)	(245.77)	382.18	751.38	403.39
<b>Provision For Taxation</b>						
Current Tax	11.00	9.83	0.00	8.42	51.78	76.50
Deferred Tax	0.00	0.00	0.00	0.00	108.99	12.51
Net Profit After Tax	71.73	(84.41)	(245.77)	373.76	590.61	314.38
Proposed Dividend & Depreciation Written Back	10.62	0.00	0.00	0.00	0.00	0.00
Prior Period Item	1.66	0.00	0.00	0.00	17.62	0.00
Net profit after tax after adjusting prior period item	59.45	(84.41)	(245.77)	373.76	572.99	314.38

\*Note: The increase in sales during the financial year 2005-06 in comparison to 2004-05 is on account of increase in sales of the Company, export as well as domestic.

## Statement of Assets and Liabilities

(Rs in Lakhs)

Particulars	As at					For the period April 1, 2006 to September 30, 2006
	March 31 2002	March 31 2003	March 31 2004	March 31 2005	March 31 2006	
<b>A Fixed Assets</b>						
Gross Block	238.38	304.21	276.83	349.58	963.14	1388.08
Less: Depreciation	48.83	64.18	79.16	91.45	128.83	151.69
Net Block	189.55	240.03	197.67	258.13	834.31	1236.39
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	189.55	240.03	197.67	258.13	834.31	1236.39
Capital Work in Progress	0.00	0.00	0.00	0.00	285.00	0.00
<b>Total fixed Assets (A)</b>	<b>189.55</b>	<b>240.03</b>	<b>197.67</b>	<b>258.13</b>	<b>1119.31*</b>	<b>1236.39</b>
<b>B Investments (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>C Current Assets, Loan and Advances</b>						
Inventories	259.02	379.02	206.15	430.87	548.90	849.71
Sundry Debtors	468.72	89.74	201.44	458.22#	877.42#	951.35
Cash and Bank Balance	45.02	28.63	19.23	25.40	89.41	37.17
Loans and Advance	56.58	27.77	55.09	11.57	254.97	157.48
<b>Total(C)</b>	<b>829.34</b>	<b>525.16</b>	<b>481.91</b>	<b>926.06</b>	<b>1770.70</b>	<b>1995.71</b>
<b>D Liabilities and Provisions</b>						
Secured Loans	643.58	527.35	627.87	552.98	299.09	813.47
Unsecured Loans	0.00	16.75	21.20	14.37	0.00	0.00
Current Liabilities	141.59	99.61	151.26	346.63	760.74	222.33
Provisions	31.54	0.48	2.71	18.58	100.67	178.84
Deferred Tax Liability	0.00	0.00	0.00	0.00	108.99	121.50
<b>Total(D)</b>	<b>816.71</b>	<b>644.19</b>	<b>803.04</b>	<b>932.56</b>	<b>1269.49</b>	<b>1336.14</b>
<b>E Net Worth (A+B+C-D)</b>	<b>202.18</b>	<b>121.00</b>	<b>(123.46)</b>	<b>251.63</b>	<b>1620.52</b>	<b>1895.96</b>
<b>F Represented By:</b>						
Equity Share Capital	53.10	55.00	55.00	55.00	720.00	720.00
Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
Reserve and Surplus	155.71	71.30	(174.48)	199.29	902.27	1216.66
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Net Reserve and Surplus	155.71	71.30	(174.48)	199.29	902.27	1216.66
Miscellaneous Expenditure	6.62	5.30	3.98	2.66	1.75	40.7
<b>Net Worth (A+B+C-D)</b>	<b>202.19</b>	<b>121.00</b>	<b>(123.46)</b>	<b>251.63</b>	<b>1620.52</b>	<b>1895.96</b>

**Note:** \*The increase in the fixed asset in the year 2005-06 is due to take over of assets of Evinix Consolidated by our Company.

#The increase in the Sundry Debtors in the year 2005-06 is on account of increase in sales during 2005-06.

## The Issue

Particulars	No. of Equity Shares
Public Issue of Equity Shares	35,00,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [.]
<b>Of Which:</b>	
Qualified Institutional Buyers Portion*	17,50,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [.] <i>(Allocation on a proportionate basis)</i>
Non Institutional Portion	Not Less than 5,25,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [.] <i>(Allocation on a proportionate basis)</i>
Retail Portion	Not Less than 12,25,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [.] <i>(Allocation on a proportionate basis)</i>
Equity Shares outstanding prior to the Issue	72,00,000 Equity Shares of Rs. 10 each
Equity Shares outstanding after the Issue	1,07,00,000 Equity Shares of Rs. 10 each
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 16 of this Red Herring Prospectus.

\* Allocation to QIB's is proportionate as per the terms of this Red Herring Prospectus, 5% of the QIB portion shall be available for allocation to mutual funds. Mutual Funds participating in the 5% reservation in the QIB portion will also be eligible for allocation in the remaining QIB portion.

**GENERAL INFORMATION****EVINIX ACCESSORIES LIMITED**

Registered & Corporate Office: KH 43, Sector 45, Mewla Maharajpur, Faridabad (Haryana) 121003  
 Phone No: +91 129 2439654/55, Fax No: +91 129 2437582,  
 e-mail : investors@evinix.in website:http:// www.evinix.in

(Originally incorporated as Evinix Fashion Accessories Private Limited on May 1, 1996 under the Companies Act, 1956 subsequently changed its name to Evinix Accessories Private Limited on March 20, 2003 and converted to Public Limited Company on February 3, 2006.)

**Registration No. of Company:** U74210HR1996PLC035494

**Address of the Registrar of Companies:** Registrar of Companies, NCT of Delhi & Haryana

The following table sets forth details regarding our Board of Directors

<b>S. No</b>	<b>Name</b>	<b>Age (years)</b>	<b>Address</b>
1	Mr. Raujeev Taneja Managing Director Non Independent Executive Promoter Director	46	218,Sector-21B, Faridabad, Haryana
2	Mr. Sanjay Taneja Director- Operations (WTD) Non Independent Executive Promoter Director	39	218,Sector 21 B, Faridabad, Haryana
3	Mr. A.K Singhal Director-Finance & Accounts (WTD) Non Independent Executive Director	55	A-7, First Floor, J.P Garden Estate, Mohan Nagar, Ghaziabad-201007
4	Mr. Saiyed Muzaffar Ishtiaque Director Independent Non Executive Director	52	26,Taxila, IIT Campus, Hauz Khas, New Delhi-16
5	Mr. Piyush Gupta Director Independent Non Executive Director	40	C-30,Geetanjali Enclave New Delhi-110017
6	Mr. Prashant Panda Director Independent Non Executive Director	37	133, Nitikhanda III, Indrapuram, Ghaziabad(U.P)

For more details regarding our Directors, please refer to the section titled "Management" on page no 57 of this Red Herring Prospectus.

**COMPANY SECRETARY & COMPLIANCE OFFICER**

**Mr. Dinesh Garg**

**Company Secretary**

KH 43, Sector 45,  
Mewla Maharajpur,  
Faridabad (Haryana) 121003  
Ph: +91 129 2439654/55  
Fax: +91 129 2437582  
Email: [investors@evinix.in](mailto:investors@evinix.in)

Investors may contact the Compliance Officer in case of any Pre-Issue or Post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

**BOOK RUNNING LEAD MANAGER**

**Allianz Securities Limited**

2nd Floor, 3 Scindia House

Janpath, New Delhi-110001

Tel: +91 11 41514666-69

Fax: +91 11 41514665

Website: [www.aslfinancial.com](http://www.aslfinancial.com)

Email: [evinix.ipo@aslfinancial.com](mailto:evinix.ipo@aslfinancial.com)

Contact Person: Ms. Payal Puri

**SYNDICATE MEMBERS**

**Allianz Securities Limited**

33, Vaswani Mansion, 6th Floor, Dinsha Vachha Road,  
Churchgate, Mumbai-400020

Tel: +91 22 22870580

Fax: +91 22 22870581

Email: [evinix.ipo@aslfinancial.com](mailto:evinix.ipo@aslfinancial.com)

Website: [www.aslfinancial.com](http://www.aslfinancial.com)

Contact Person: Mr. S.N. Tare

**Almondz Capital Markets Private Limited**

33, Vaswani Mansion, 6th Floor,  
Dinsha Vachha Road, Churchgate, Mumbai-400020

Tel: +91 22 22870580

Fax: +91 22 22870581

Email: [evinix\\_ipo@almondz.com](mailto:evinix_ipo@almondz.com)

Contact Person: Mr. Ashish Tapuriah

**REGISTRAR TO THE ISSUE**

**Beetal Financial & Computer Services (P) Limited.,**

Beetal House, 3rd Floor,  
99, Madangir, Behind Local Shopping Centre,  
New Delhi – 110062.

Tel: : +91 11 29961281

Fax: +91 11 29961284

Email: [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)

Website: [www.beetalfinancial.com](http://www.beetalfinancial.com)

Contact Person: Mr. S. P. Gupta

**LEGAL COUNSEL TO THE ISSUE**

**Fox Mandal &Co**

FM House, A-9, Sector-9  
Noida-201301

Tel: +91 120 4305555

Fax: +91 120 2542222

Email: [newdelhi@foxmandal.com](mailto:newdelhi@foxmandal.com)

**BANKERS TO THE COMPANY**

**Bank of India**

2A/6, Bungalow Plot  
Faridabad Township  
P.O Box No. 50  
Faridabad-121001

Tel: +91 0129 2431335, 2413718

Fax: +91 0129 2412976

**Standard Chartered Bank**

H-2, Connaught Circus  
New Delhi 110001  
Tel: + 91 11 23406492/6493/6496  
Fax: + 91 11 23321021

**ESCROW BANKERS TO THE ISSUE**

**ICICI Bank Limited**

Capital Markets Division  
30, Mumbai Samachar Marg,  
Mumbai - 400 001  
Phone: +91 22 22655207  
Fax: +91 22 2261 1138  
Email: [sidharth.routray@icicibank.com](mailto:sidharth.routray@icicibank.com)  
Website: [www.icicibank.com](http://www.icicibank.com)  
Contact Person: Mr. Sidhartha Sankar Routray

**Yes Bank Limited**

Nehru Centre, 4th Floor,  
Dr. A.B. Road, Worli,  
Mumbai- 400 018  
Tel : +91 22 66699086  
Fax : +91 22 24947639  
Email : [rajesh.lahori@yesbank.in](mailto:rajesh.lahori@yesbank.in)  
Website : [www.yesbank.in](http://www.yesbank.in)  
Contact Person : Mr. Rajesh Lahori

**Standard Chartered Bank**

270, D.N. Road, Fort, Mumbai  
Tel : +91 22 22683965  
Fax : +91 22 22092213  
Email : [Rajesh.Malwade@in.standardchartered.com](mailto:Rajesh.Malwade@in.standardchartered.com)  
Website : [www.standardchartered.co.in](http://www.standardchartered.co.in)  
Contact Person : Mr. Rajesh Malwade

**Centurion Bank of Punjab Limited**

Modern Centre, C Wing, Ground floor, Sane Guruji Marg,  
Mahalaxmi (East), Mumbai – 400 011  
Tel: +91 22 67540000  
Fax: +91 22 67540011  
Email: [harpal.singh@centurionbop.co.in](mailto:harpal.singh@centurionbop.co.in)  
Website: [www.centurionbop.co.in](http://www.centurionbop.co.in)  
Contact Person: Mr. Harpal Singh

**AUDITORS TO THE COMPANY**

**A.S Patwa & Co.**

Chartered Accountants  
B-545, 1st Floor, Nehru Ground  
N.I.T Faridabad-121001 (Haryana)  
Tel: +91 129 2416545

**IPO Grading**

Our Company has opted for IPO Grading and appointed Credit Analysis & Research Ltd. (CARE) for grading. CARE has assigned a 'CARE IPO Grade 2' to the proposed initial public offering of the Company. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the Issuer.

The grading reflects the experience of Evinix Accessories Limiteds promoters and management team, expanded revenue streams leading to better business prospects and low gearings. The grading is, however, constrained by Evinix Accessories Limiteds small size of operations, volatility in earnings in the past, moderate level of corporate governance practices in the company, highly competitive nature of garment and fashion accessories industry and uncertainties associated with order driven growth strategy.

CARE's IPO grading does not take cognizance of the price of the security, it is not a recommendation to buy, sell or hold shares / securities. They are not a comment on the offer price or the listed price of the scrip. They do not imply that CARE performs an audit function or forensic exercise to detect fraud.

#### **Credit Rating**

As the Issue is of Equity Shares, credit rating is not required.

#### **Trustees**

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

#### **Monitoring Agency**

##### **Centurion Bank of Punjab Limited**

M-39, Outer Circle, Opposite Super Bazar,  
Connaught Place, New Delhi-110001.

Tel: +91 11 41536010-14

Fax: +91 11 23413421

Email: [mayank.bhargava@centurionbop.co.in](mailto:mayank.bhargava@centurionbop.co.in)

Contact Person: Mr. Mayank Bhargava

#### **Appraising Entity**

The project is not appraised by any Bank / Financial Institution.

#### **Book Building Process**

Book building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date / Issue Closing Date.

The principal parties involved in the Book Building Process are:

- ° The Company;
- ° Book Running Lead Managers;
- ° Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE / BSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs;
- ° Escrow Collection Bank(s); and
- ° Registrar to the Issue.

The Issue is being made through the 100% Book Building Process wherein 50% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue would be allocated to Non-Institutional Bidders and not less than 35% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. We will comply with the SEBI Guidelines for this Issue. In this regard, the Company has appointed the BRLM to manage the Issue and to procure subscriptions to the Issue.

QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date / Issue Closing Date and for further details see the section titled "Terms of the Issue" on page 105 of this Red Herring Prospectus.

**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.**

#### **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 Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding

period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

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

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

Steps to be taken for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure-Who Can Bid?" on page 107 of this Red Herring Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

#### Underwriters to the issue

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

#### The 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 with the RoC)*

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In lakhs)
Allianz Securities Limited 33, Vaswani Mansion, 6th Floor, Dinsha Vachha Road, Churchgate, Mumbai-400020 Tel: +91 22 22870580 Fax: +91 22 22870581	[•]	[•]
Almondz Capital Markets Private Limited 33, Vaswani Mansion, 6th Floor, Dinsha Vachha Road, Churchgate, Mumbai-400020 Tel: +91 22 22870580 Fax: +91 22 22870581	[•]	[•]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our 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).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.



**CAPITAL STRUCTURE OF THE COMPANY**

Share Capital as on date of filing of this Red Herring Prospectus with SEBI is set forth below:-

(Amount Rs. in Lakhs)

		<b>Aggregate Nominal Value</b>	<b>Aggregate value at Issue Price</b>
<b>(A) Authorized Share Capital</b>			
1,10,00,000	Equity shares of Rs.10/- each	1100.00	
<b>(B) Issued, Subscribed and Paid-up Equity Capital</b>			
72,00,000	Equity shares of Rs.10/- each fully paid up	720.00	
<b>(C) Present Issue in terms of this Red Herring Prospectus</b>			
35,00,000	Equity Shares of Rs.10/- each fully paid up shares	350.00	[.]
<b>(D) Paid up capital after the Issue</b>			
1,07,00,000	Equity shares of Rs.10/- each fully paid up	1070.00	1070.00
<b>(E) Share Premium Account</b>			
	Before the Issue	300.00	
	After the Issue *	[.]	

\* The share premium account will be determined after finalisation of issue price through Book Building Process

**Details of increase in Authorized Capital**

<b>Date</b>	<b>Authorized Capital (Rs in Lakhs)</b>	<b>Face value (Rs)</b>	<b>No of Shares</b>	<b>Remarks</b>
May 1, 1996	05.00	10	50,000	Initial Authorised Capital
August 1, 1996	30.00	10	3,00,000	Increase
February 2, 1998	55.00	10	5,50,000	Increase
July 25, 2001	75.00	10	7,50,000	Increase
April 1, 2005	600.00	10	60,00,000	Increase
September 1, 2005	1100.00	10	1,10,00,000	Increase

**Notes to the Capital Structure:****1. Share Capital History of our Company:**

<b>Date of allotment/ Fully paid up</b>	<b>No. of Equity Shares</b>	<b>Face Value (Rs.)</b>	<b>Issue Price Per share (Rs.)</b>	<b>Consideration</b>	<b>Reasons for allotment</b>	<b>Cumulative Paid-up Capital (Rs)</b>	<b>Cumulative Share Premium Account (Rs.)</b>
May 6, 1996	20	10	10	Cash	Subscription to Memorandum	200	Nil
March 24, 1997	2,42,260	10	10	Cash	Expansion of capital base	24,22,800	Nil
September 30, 1997	1,74,240	10	10	Cash	Expansion of capital base	41,65,200	Nil
May 19, 1999	2,000	10	10	Cash	Expansion of capital base	41,85,200	Nil
September 22, 1999	60,000	10	10	Cash	Expansion of capital base	47,85,200	Nil
March 1, 2000	52,438	10	10	Cash	Expansion of capital base	53,09,580	Nil
July 31, 2002	19,042	10	10	Cash	Expansion of	55,00,000	Nil

Date of allotment/ Fully paid up	No. of Equity Shares	Face Value (Rs.)	Issue Price Per share (Rs.)	Consideration	Reasons for allotment  capital base	Cumulative Paid-up Capital (Rs)	Cumulative Share Premium Account (Rs.)
May 1, 2005	3,00,000*	10	10	Cash	Conversion of unsecured loans *	85,00,000	Nil
September 2, 2005	17,00,000	10	-	Bonus	Bonus **	2,55,00,000	Nil
September 30, 2005	6,50,000	10	10	Cash	Expansion of capital base	3,20,00,000	Nil
November 30, 2005	30,00,000	10	10	Cash	Expansion of capital base	6,20,00,000	Nil
February 11, 2006	10,00,000	10	40	Cash	Rights Issue***	7,20,00,000	30,00,000

\*On 1st May 2005, Evinix Consolidated, a partnership firm between the promoters, Mr. Raju Taneja, Mr. Sanjay Taneja and EAL was dissolved and became a unit of EAL, subsequent to Mr. Raju Taneja and Mr. Sanjay Taneja exiting the partnership firm. The existing capital of exiting partners were treated as unsecured loans in our company. Three Lakhs Shares at Rs 10/- each were issued against Rs 30,00,000 out of the unsecured loans to the promoters on 1st May 2005 (1,50,000 shares each to Mr. Raju Taneja and Mr. Sanjay Taneja). The remaining unsecured loan amount of Rs 8.27 Lakhs was repaid by our Company.

Shares arising out of conversion of loans are in conformity with the Articles of Association of the Company and it is done by passing a Board Resolution dated May 1, 2005.

\*\* Issue of bonus shares in ratio of 2 shares for every one share held.

\*\*\*Our company offered Equity Shares at a issue price of Rs 40/- per share having face value of Rs 10/- each to the then existing shareholders. These shares were renounced by them and were subscribed and allotted on 11.02.2006 to non-promoter entities in accordance with Section 81 of the Companies Act, 1956

No shares have been issued for consideration other than cash except as mentioned in the above table.

## 2. Details of Shareholding of Promoter Group: -

S. No	Name	Date Of Allotment / Transfer	Date When Made Fully paid up	Consi-deration (Cash, bonus, Kind, etc.)	No. of Shares	Face Value	Issue/ Transfer Price	% Of Pre-Issue Paid-up Capital	% Of Post-Issue Paid-up Capital
1	Mr. Raju Taneja	September 30, 2005	September 30, 2005	Cash	2,39,000	10	10	3.32	2.23
		September 2, 2005	September 2, 2005	Bonus	5,86,000	10	-	8.14	5.48
		September 1, 2005	-	Transfer	51,281	10	10	0.71	0.48
		May 1, 2005	May 1, 2005	Cash	1,50,000	10	10	2.08	1.40
		March 16, 2005	N.A	Transfer	(1,32,000)	10	10	(1.83)	(1.23)
		March 16, 2005	N.A	Transfer	65,000	10	10	0.90	0.61
		March 16, 2005	N.A	Transfer	1,000	10	10	0.01	0.01
		July 31, 2002	July 31, 2002	Cash	9,521	10	10	0.13	0.09
		March 1, 2000	March 1, 2000	Cash	2438	10	10	0.03	0.02
		September 22, 1999	September 22, 1999	Cash	22,500	10	10	0.31	0.21
		September 30, 1997	September 30, 1997	Cash	60,000	10	10	0.83	0.56
		March 24, 1997	March 24, 1997	Cash	63,250	10	10	0.88	0.59
		May 6, 1996	May 6, 1996	Cash	10	10	10	0.00	0.00
	<b>Total (A)</b>				<b>11,18,000</b>			<b>15.53</b>	<b>10.45</b>
2	Mr. Sanjay Taneja	September 30, 2005	September 30, 2005	Cash	2,39,000	10	10	3.32	2.23
		September 2, 2005	September 2, 2005	Bonus	5,86,000	10	-	8.14	5.48
		September 1, 2005	N.A	Transfer	15,000	10	10	0.21	0.14
		September 1, 2005	N.A	Transfer	25,010	10	10	0.35	0.23
		September 1, 2005	N.A	Transfer	14,219	10	10	0.20	0.13

S. No	Name	Date Of Allotment / Transfer	Date When Made Fully paid up	Consi-deration (Cash, bonus, Kind, etc.)	No. of Shares	Face Value	Issue/ Transfer Price	% Of Pre-Issue Paid-up Capital	% Of Post-Issue Paid-up Capital
		May 1, 2005	May 1, 2005	Cash	1,50,000	10	10	2.08	1.40
		March 16, 2005	N.A	Transfer	(-) 1,32,000	10	10	(1.83)	(1.23)
		March 16, 2005	N.A	Transfer	65,000		10	0.90	0.61
		March 16, 2005	N.A	Transfer	1,000	10	10	0.01	0.01
		July 31, 2002	July 31, 2002	Cash	9,521	10	10	0.13	0.09
		March 1, 2000	March 1, 2000	Cash	2,000	10	10	0.03	0.02
		September 22, 1999	September 22, 1999	Cash	22,500	10	10	0.31	0.21
		March 24, 1997	March 24, 1997	Cash	70,750	10	10	0.98	0.66
		September 30, 1997	September 30, 1997	Cash	50,000	10	10	0.69	0.47
		<b>Total(B)</b>			<b>11,18,000</b>			<b>15.53</b>	<b>10.45</b>
3.	M/s Ambros Export Pvt. Ltd.	September 30, 2005	September 30, 2005	Cash	1,72,000	10	10	2.39	1.61
		September 2, 2005	September 2, 2005	Bonus	5,28,000	10	-	7.33	4.93
		March 16, 2005	N.A	Transfer	1,32,000	10	10	1.83	1.23
		March 16, 2005	N.A	Transfer	1,32,000	10	10	1.83	1.23
		<b>Total(C)</b>			<b>9,64,000</b>			<b>13.39</b>	<b>9.01</b>
		<b>Total(A+B+C)</b>			<b>32,00,000</b>			<b>44.44</b>	<b>29.91</b>

### 3. Promoters Contribution and Lock-in

The Promoters holding to the extent of 20.05% of the Post Issue Equity Share Capital of the company shall be locked-in for a period of three years from the date of allotment of shares in the issue as per details given below:

S. No	Name	Date of Allotment / Acquisition	Date When Made Fullypaid up	Consi-deration (Cash, bonus, Kind, etc.)	No. of Shares	Face Value	Issue/ Transfer Price	% of Pre-Issue Paid-up Capital	% of Post-Issue Paid-up Capital
1	Mr. Rajeev Taneja	September 30, 2005	September 30, 2005	Cash	2,39,000	10	10	3.32	2.23
		September 2, 2005	September 2, 2005	Bonus	5,62,000	10	-	7.80	5.26
2	Mr. Sanjay Taneja	September 30, 2005	September 30, 2005	Cash	2,39,000	10	10	3.32	2.23
		September 2, 2005	September 2, 2005	Bonus	5,62,000	10	-	7.80	5.26
3	M/s Ambros Export Pvt Limited	September 30, 2005	September 30, 2005	Cash	1,72,000	10	10	2.39	1.61
		September 2, 2005	September 2, 2005	Bonus	3,71,000	10	-	5.15	3.46
	<b>Total</b>				<b>21,45,000</b>			<b>29.78%</b>	<b>20.05%</b>

Promoters will not participate in this issue. The Equity Shares acquired last have been locked in first and the Equity Shares will be locked in for the period specified above from the date of allotment of Equity Shares in this Issue. In terms of Clause 4.11.2 of the SEBI Guidelines, the lock-in shall start from the date of allotment in the proposed public issue and the last date of the lock-in shall be reckoned as three years from the date of commencement of commercial production or the date of allotment in the public issue whichever is later. The promoters have given their consent for the lock-in as stated above vide their letter dated May 22, 2006.

**In addition to the above**, the entire remaining pre-issue equity share capital of our Company i.e. 50,55,000 equity shares will be locked in for the period of one year from the date of allotment of Equity Shares in this issue.

**4. Pre-Issue and Post-Issue Shareholding pattern of our Company**

Particulars	Pre-Issue		Post -Issue	
	No. of Equity Shares	% to the present share capital	No. of Equity Shares	% to the post share capital
<b>A. Promoters &amp; Promoter Group</b>				
Promoters	32,00,000	44.44	32,00,000	29.91
Promoter Group	-	-	-	-
<b>Total (A)</b>	<b>32,00,000</b>	<b>44.44</b>	<b>32,00,000</b>	<b>29.91</b>
<b>B. Non- Promoter</b>				
Non-promoter / Body Corporate	40,00,000	55.56	40,00,000	37.38
Non-promoter (subsequent to the offer to the public)	-	-	35,00,000	32.71
<b>Total (B)</b>				
<b>Total (A+B)</b>	<b>72,00,000</b>	<b>100.00</b>	<b>1,07,00,000</b>	<b>100.00</b>

**5. Details of Promoter / Promoter Group**

Name of Promoter	Total No of shares held
<b>A. Promoter</b>	
Mr. Rajeev Taneja	11,18,000
Mr. Sanjay Taneja	11,18,000
M/s Ambros Export Pvt Limited	9,64,000
<b>Total</b>	<b>32,00,000</b>

6. 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. In terms of clause 4.16 (b) of the SEBI Guidelines, Equity Shares held by the Promoter may be transferred to a new promoter or persons in control of the 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.
7. Neither we, nor our Directors or our Promoters, or the BRLMs have entered into any buyback and / or standby arrangements for the purchase of our Equity Shares from any person.
8. An over subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
9. The securities offered through this public issue shall be made fully paid up or may be forfeited within 12 months from the date of allotment of shares in the manner specified as per clause 8.6.2 of the Disclosure & Investor Protection Guidelines
10. At least 50% of the Issue shall be allocated on proportionate basis to Qualified Institutional Buyers (5% of the QIB portion shall be available for allocation on proportionate basis for Mutual Funds only). If atleast 50% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded. Further not less than 15% of the Issue shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Investors on proportionate basis, subject to the valid bid received at or above the issue price.
11. a) Details of top ten shareholders on date of filing Red Herring Prospectus

S. No	Name of the shareholder	Number of shares
1	Rajeev Taneja	11,18,000
2	Sanjay Taneja	11,18,000
3	M/s Ambros Export Pvt. Limited.	9,64,000
4	M/s Supersonic Telecommunication Pvt. Limited.	5,00,000
5	M/s PCL Gold Securities Limited.	5,00,000
6	M/s Perfect Finmen Services Private Limited	4,00,000
7	M/s Coronation Builders & Engineers Pvt. Limited.	4,00,000
8	M/sCareen Fintec Private Limited	3,50,000
9	M/sSupreme Finvest Private Limited	3,50,000
10	M/sMerilina Enterprises Pvt. Limited.	3,00,000

## b) Details of top ten Shareholders ten days prior to the date of filing the Red Herring Prospectus

S. No	Name of the Shareholder	Number of shares
1	Raujeev Taneja	11,18,000
2	Sanjay Taneja	11,18,000
3	M/s Ambros Export Pvt. Limited.	9,64,000
4	M/s Supersonic Telecommunication Pvt. Limited.	5,00,000
5	M/s PCL Gold Securities Limited.	5,00,000
6	M/s Perfect Finmen Services Private Limited	4,00,000
7	M/s Coronation Builders & Engineers Pvt. Limited.	4,00,000
8	M/sCareen Fintec Private Limited	3,50,000
9	M/sSupreme Finvest Private Limited	3,50,000
10	M/sMerilina Enterprises Pvt. Limited.	3,00,000

## c) Details of top ten shareholders two years prior to date of filing the Red Herring Prospectus

S. No	Name of the shareholder	Number of shares
1	Mr. Raujeev Taneja	1,57,719
2	Mrs. Anuradha Taneja	25,010
3	Mrs. Indu Taneja	65,500
4	Mr. Sanjay Taneja	1,54,771
5	Mr. P.C Kathuria	1,30,000
6	Mr. T.D Taneja	15,000
7	M/s Ravi Tech Global Pvt Limited	2,000

12. The Promoters' Group/Directors have not purchased / sold / financed / acquired any shares of the Company during the past 6 months including off market deals.

13. Details of the shares issued in the past one year below the issue price are as follows:-

Date of Allotment	No. of Equity Shares	Name of allottees	Category	Face Value (Rs.)	Issue Price Per share (Rs.)	Reasons for allotment
February 11, 2006	2,00,000	Neol Enterprises Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	Rights Issue
	3,00,000	Merilina Enterprises Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	
	2,00,000	Him Realty Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	
	3,00,000	Spot Light Securities Private Limited	Non Promoter Entity	Rs. 10/-	Rs. 40/-	

14. There are no partly paid up equity shares as on date of filing of the Red Herring Prospectsus.

15. We have not raised any bridge loan against the proceeds of the present issue. For details on use of the proceeds, see the section titled "Objects of the Issue" on page 16 of this Red Herring Prospectus.

16. A Bidder cannot make a bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

17. There would be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, public issue or otherwise during the period commencing from submission of the Red Herring Prospectus with SEBI till the securities offered through this Red Herring Prospectus have been fully paid up, listed or the application monies refunded on account of non listing or under-subscription, etc.

18. We presently do not have any intention or proposal to alter its 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 except that we may issue options to our employees pursuant to any employee Stock Option plan, or if we go for acquisitions and joint ventures we may consider raising additional capital to fund such activity or use shares as currency for acquisition and / or participation in such joint venture.

- 19 We have not issued any equity shares out of revaluation reserves.
20. We shall ensure that at any given point of time, there shall be only one denomination for the Equity Shares and comply with such disclosure and accounting norms specified by SEBI from time to time.
21. We have 15 members as on the date of filing of the Red Herring Prospectus with SEBI.
22. On the date of filing the Red Herring Prospectus with SEBI, there are no outstanding financial instruments or any other rights which would entitle the existing shareholders or any other person any option to receive equity shares of the Company.
23. We have not granted any options or issued any shares under any Employee Stock Options or Employee's Stock Purchase scheme.

**24. Restrictive Covenants of Lenders**

We are subject to standard restrictive covenants under the agreement, which we have entered with our lenders. The restrictive covenants among other things require us to obtain approval of banks to effect any future borrowings; to issue any corporate guarantee; change in shareholding pattern; change or alteration in constitution; change in controlling ownership or any documents relating to its constitution or any other material change in management or its nature of business or operations; make investments / advances to any of our associate / sister concern of any other company / firm; major expansion / diversification, divert short term funds into long term uses, borrow funds from other banks / financial institution and pay interest on unsecured loans.

However, we have obtained consent from our Bankers, Bank of India and Standard Chartered Bank for this Initial Public Issue.

**OBJECTS OF THE ISSUE****The Objects of the issue are: -**

1. Acquisition of a Garment Manufacturing Unit.
2. Expansion at the acquired NSEZ, Noida Unit
3. Expansion at Faridabad Unit
4. Setting up Retail business activities and general corporate purposes including repayment of loans
5. Long term Working Capital requirement
6. Issue expenses

The main object clause of the Memorandum as set out in this Red Herring Prospectus enables the Company to undertake the activities for which the funds are being raised and also for the activities, which the Company has been carrying on till date.

**Requirement of Funds and Means of Finance**

The fund requirements have not been appraised by any agency and are as per Company's own estimates.

**Requirement of Funds**

The total estimated funds requirement is given below :-

(Rs. In Lakhs)

S. No.	Particulars	Amount
1	Acquisition of Garment Manufacturing Facility at NSEZ, Noida	448.56
2	Expansion at Acquired unit at NSEZ, Noida	1662.09
3	Expansion at existing unit at Faridabad	337.70
4	Long Term Working Capital Requirement	1474.44
5	Setting up retail business activities and general corporate purposes including repayment of loans	[.]
6	Public Issue Expenses	[.]
7	Contingencies	148.50
	<b>Total</b>	<b>[.]</b>

Net Tangible Assets to the extent of 69.95% will be created out of the issue proceeds considering lower price band and 58.29% considering higher price band.

**Means of Finance**

The above requirement of funds of Rs. [.] Lakhs, is proposed to be financed through:

(Rs. in Lakhs)

Means of Finance	Amount
Public Issue of 35,00,000 Equity Shares of Rs 10/- each for cash at a price of Rs [.]	[.]
Term Loan	250.00
Internal Resources	480.92
<b>Total</b>	<b>[.]</b>

The excess Issue proceeds, if any, from the present issue would go towards reduction in the loans taken by the Company and/or normal corporate purposes. The shortfall in Issue proceeds funds, if any, shall be met from internal accruals and/or raising debt funds.

The Company has been sanctioned a term loan of Rs 250 Lakhs for capex requirement by Standard Chartered Bank, Barakhamba Road, New Delhi vide letter dated April 20th, 2006. Firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through public issue has been made.

**Deployment of Funds****1. Acquisition of a Garment Manufacturing Facility at Special Economic Zone, Noida, Uttar Pradesh**

Our company has entered into an agreement dated December 7, 2005 with Finesse Exports Private Limited, a company carrying on the business of manufacturer and exporter of jackets at Plot No. 138, NSEZ, having its registered office at No.92, Friends Colony, New Delhi to takeover lease of the land and purchase the building, plant & machinery, other fixed assets & inventories situated /installed/lying in the premises for consideration of Rs 415 lakhs. Finesse Exports Private Limited is closed unit and was referred to BIFR/AAFIR in F.Y 2002. However no injunction or order has been passed by BIFR or any other authority functioning under the aegis of BIFR restraining the company from selling any moveable or immovable assets of the said unit. The existing facility is situated on a land area of 8000 sq mt, taken on lease from Noida Special Economic Zone.

Our company initially paid an amount of Rs 344.64 Lakhs as consideration in terms of the agreement out of which Rs 270 Lakhs has been paid on 30th March 2006 to Stressed Assets Stabilization Fund (SASF) as one time settlement for loan granted by IDBI Limited (which was transferred to SASF). The account of the seller company with Punjab National Bank was adjusted in full and final on 21st June 2005 through compromise. Appropriate No Dues certificate from both the lenders have been received. Further an amount of Rs 24.62 Lakhs was paid on 12th April 2006 by our company to the Development Commissioner, Noida Special Economic Zone, Noida towards the accumulated lease rental liability of the seller company.

Our company has received permission for setting up unit in NSEZ vide LOP No.01/01/2006-Proj/7292 dated April 30, 2006. Consequently our company has executed the bond cum legal undertaking required for carrying out the operations, which has been accepted by Development Commissioner, Noida Special Economic Zone vide their letter dated May 16, 2006.

Our Company has received a possession certificate for the aforesaid unit from NSEZ Authorities dated July 4, 2006.

The agreement dated December 7, 2005 was further extended by two parties vide extension/supplementary agreement dated March 9, 2006 which was valid till June 7, 2006. Our Company has purchased the aforesaid building, plant and machinery, other fixed assets & inventories vide agreement dated March 9, 2006. However, Finesse Exports Private Limited has been paid a consideration of Rs. 389.62 lakhs instead of Rs. 415 lakhs as the building and machinery was not handed over to our Company in operational condition. Our Company has already incurred Rs. 38.94 lakhs of repairs and refurbishing of machines and expects to incur a further sum of Rs. 20 lakhs to bring the unit to fully operational condition. The aforesaid land was sub-leased from NSEZ Authorities with Finesse Exports Private Limited. However, the said lease with Finesse Exports Private Limited had expired and now our Company has submitted the required documents for executing the sub lease of the said land in our favour which is under process with the concerned Authority.

The methodology adopted for valuation of the assets acquired from Finesse Exports Private Limited was as under:

**Building:** The current construction cost is estimated at Rs. 600 per square foot for RCC construction. The total area of the building is as under:

**Ground Floor:** 46,700 square feet of RCC construction estimated to cost at Rs. 600 per square foot at current prices

**First Floor:** 10,300 square feet of RCC construction estimated to cost at Rs. 480 per square foot at current prices, being 80% of ground floor cost

Open Area and small constructions like generator room, guard room etc.: 40,438 square feet estimated to cost at Rs. 100 per square foot at current prices

The ground floor thus cost Rs. 280.20 lakhs and the first floor cost Rs. 49.44 lakhs. A construction cost of Rs. 100 per square foot was estimated for the open area that included pavements, landscaping, utilities room, guard room etc. The construction cost of the open portion was thus arrived at Rs. 40.44 lakhs. The construction of the building was completed in December 2001 by Finesse Exports Pvt. Ltd. Depreciation was computed as per Company Law @ 1.63% on SLM basis for six years, which amounted to 9.78%. Depreciation under Income Tax, computed at 5% per annum on WDV basis amounted to 26.49%. We, therefore, determined the total cost of the building to be the construction cost less 25%. This amounted to a figure of Rs. 277.56 lakhs.

Plant & Machinery, Other Capital Goods, and Inventories: The unit is located in Noida Special Economic Zone. As per these customs records, the total purchase value of the machinery alone was USD 597,962 equivalent to Rs. 275.06 lakhs at the current exchange rate of \$ 1 = INR 46. However, after providing for the depreciation on the machinery, and other capital goods, and after verification of the inventories, and after taking into account the customs records, the total value of the assets other than building amounted to Rs. 202.97 lakhs.

The fair market value for the assets thus came to Rs. 480.53 lakhs. In the course of negotiations, we managed to bring down the price to Rs. 415 lakhs.



**Plant & Machinery**

The details of machinery which have been acquired as part of the unit acquisition are as follows-

<b>S No.</b>	<b>Description</b>	<b>Qty.</b>
1	Brother I8-3-C51-050 Single Needle Lockstitch Cylinder Bed Machine	2
2	Kansai Model DBF 1404 PMW Multi needle chain stitch machine	1
3	Vaccum Iron Table with built in boiler and iron	3
4	Model DB2-b791-413-MD601F40 single needle, needle feed lockstitch machine	10
5	Model DB2-B791-413-MD601F40 with puller	4
6	Brother LZ-2853-403-F40	2
7	Brother CB-38917-1A chain stitch	2
8	Brother LK3B-438E lockstitch and electronic	1
9	Brother Bas 606 automatic pocket welt machine	1
10	Brother IK3-B430 EM II-2 Barteking machine	2
11	Brother MA-4-N31-063-5	4
12	Brother LT2B845-3-1/4" 403MD 601 double needle lock stitch machine	4 sets
13	Brother LT2B845-3-1/4" 403MD 601 F40 with puller two needle lock stitch machine	4 sets
14	Brother DT-6B962-1/4" chain stitch machine	4 sets
15	Brother DT6B-927 class feed of the arm	2 sets
16	Brother DB2-B772-403MD601F40 with edge cutter	8 sets
17	Model DB-2-B737-413 single needle lockstitch dropfeed machine	100
18	Brother buttonhole sewing machiner IH-4B814MKII-2	1 set
19	Brother DH4-B980-01 buttonhole sewing machine	1 set
20	Power driven cloth cutting machine model no. 629 X blue streak II 8"	4
21	Power driven cloth cutting machine model no. 629 X blue streak II 10"	2
22	Wastema bandknife cutting machine model STV 492	1
23	Snap fastner fixing machine model no. NS-47	6
24	Cloth inspection machine model no. NS-59	1
25	Hashima model HSQ-66 quilting machine & cop winder HW-2000	1+1
26	Lectra plain table	2
27	Lectra progress 2 spreading machine	1 set
28	Hashima fusing press model HPM-600B	1
29	Lectra cad system	1 set
30	Trane double wall air handing unit	1 set
31	Trane koolman 500, unit comb cap 25 tr	1
32	Trane halical rotary chiller 260 tr model RTH 300	1 set
33	Tajima 4 head embroidery machine	1 set

**2. Expansion at Acquired Unit at NSEZ, Noida.**

The company further proposes expansion at the Noida unit subsequent to acquisition. The details of the proposed increase in the manufacturing capacity is as follows:

Products Particulars(Garments)	2006-07	2007-08	2008-09
Installed Capacity (per year)(Nos)	30,00,000	30,00,000	30,00,000

The detail of cost of expansion is given below:-

(Rs in Lakhs)

Activity	Amount
Construction of building	213.73
Plant & Machinery	1225.20
Misc Fixed Assets	223.16
<b>Total</b>	<b>1662.09</b>

**a) Construction of Building**

An additional floor atop the existing building in the unit proposed to be acquired in Noida Special Economic Zone will be constructed to meet the overall production space requirement for expanded operations of the company. The construction cost has been estimated at Rs. 213.73 lakhs as per the quotations dated January 6, 2007 received from Compact Pile Construction Pvt Limited. New Delhi. We shall start the construction on completion of acquisition of the unit and thereafter getting required permissions from NSEZ authorities.

**b) Plant & Machinery**

We propose to increase our manufacturing capacities in Bags, Caps, Hats, Belts, Wallets, Baby apparels and other products. We propose to purchase imported machinery for Faridabad as well as Noida units and indigenous machinery for NSEZ Unit.

The details of imported machinery proposed to be acquired are: -

S. No	Particulars	Supplier	Date of Quotations	Quantity	Total (Rs. In Lacs)
1	Highlead Model No. GC 188MD Automatic Thread Cutter (UBT)	HCA Garment Machinery Pvt Limited, New Delhi	December 16, 2006	150	34.91
2	4 Thread Overlock machines	Pegasus Sewing Machine Pvt. Ltd.	November 3, 2006	23	9.26*
3	Overlock unit complete Workstation Model CG90	VI.BE.MAC.SPA, Italy	December 9, 2006	2	11.76
4	PFAFF Model No3371-1/01 Electronic Lockstitch Bartacker	HCA Garment Machinery Pvt Limited, New Delhi	December 16, 2006	8	9.93
5	Baby Overlock Machine	Pegasus Sewing Machine Pte. Ltd.	November 3, 2006	3	0.97
6	3 Needle Flat Lock Machine for binding with Tape feeder, Complete Set	Pegasus Sewing Machine Pte. Ltd.	November 3, 2006	18	15.73*
7	3 Needle Flat Lock Machine with fabric Trimmer Rear Pullar and Under Bed Trimmer, Complete Set	Pegasus Sewing Machine Pte. Ltd.	November 3, 2006	4	8.19*
8	3 Needle Flat Lock Machine with Under Bed Trimmer, Complete Set	Pegasus Sewing Machine Pte. Ltd.	November 3, 2006	5	7.13*
9	3 Needle Flat Lock Machine, Complete Set	Pegasus Sewing Machine Pte. Ltd.	November 3, 2006	4	3.49*

EVINIX ACCESSORIES LIMITED

S. No	Particulars	Supplier	Date of Quotations	Quantity	Total (Rs. In Lacs)
10	3 Needle Flat Lock Machine with Take cutter and Tape Feeder, Complete Set	Pegasus Sewing Machine Pte. Ltd.	November 3, 2006	9	9.73*
11	Rib Cutting Machine	HUP FOH machinery Pte. Ltd.	December 22, 2006	2	1.04*
12	4 Thread Overlock machines, Complete Set	Pegasus Sewing Machine Pte. Ltd.	September 11, 2006	1	2.44
13	3 Needle Flat Lock Machine with Trimmer, Metering Device & Tape Cutter, Complete Set	Pegasus Sewing Machine Pte. Ltd.	September 11, 2006	3	5.04
14	3 Needle Flat Lock Machine for Bottom Hemming with fabric Trimmer and Under Bed Trimmer , Complete Set	Pegasus Sewing Machine Pte. Ltd.	September 11, 2006	1	1.98
15	3 Needle Flat Lock Machine with Under Bed Trimmer, Complete Set	Pegasus Sewing Machine Pte. Ltd.	September 11, 2006	1	2.39
16	6 Thread Over Lock Machine with Chain Cutter & Lint Collector, Complete Set	Pegasus Sewing Machine Pte. Ltd.	September 11, 2006	45	23.43
17	3 Needle Flat Lock Machine with fabric Trimmer Under Bed Trimmer, Complete Set	Pegasus Sewing Machine Pte. Ltd.	September 11, 2006	6	1.66
18	3 Needle Flat Lock Machine with Tape cutter and Tape Feeder, Complete Set	Pegasus Sewing Machine Pte. Ltd.	September 11, 2006	12	13.25
19	Automatic attern Sewer With Fabric Edge Trimmer	Pegasus Sewing Machine Pte. Ltd.	January 3, 2007	20	78.20
20	Pneumatic Collar Truning & Trimming Machine	Pegasus Sewing Machine Pte. Ltd.	January 3, 2007	6	3.31
21	Auto Zig Pattern Trimmer	Pegasus Sewing Machine Pte. Ltd.	January 3, 2007	3	2.76
22	Collar Trun & Pressing Machine	Pegasus Sewing Machine Pte. Ltd.	January 3, 2007	2	5.34
23	Automatic Pocket Creasing Machine	Pegasus Sewing Machine Pte. Ltd.	January 3, 2007	4	10.86
	Total Estimated Cost of Machines (CIF)				262.78
	Add: 4% for inland freight, insurance & installation charges				10.51
	Total				273.29

Conversion rates for computation in Indian Rupees: Euro = Rs. 56 each, USD = Rs. 46 each, CHF = Rs. 35 each

\*We have already placed the orders for the machines

**Indigenous Machinery**

The details of indigenous machinery proposed to be acquired are: -

S. No	Particulars	Supplier	Date of Quotations	Quantity	Total (Rs. in lakhs)
1	High Speed motorised sewing machines	Metal Avenues	November 28, 2006	75	8.25*
2	High Speed motorised sewing machines	Metal Avenues	October 27, 2006	10	1.10
3	Overlock machines	Magnum Resources P Ltd	October 13, 2006	45	21.19*
4	Flat Lock Machine	Jindal Textiles	October 17, 2006	17	20.51*
5	Overlock machines	Metal Avenues	October 27, 2006	30	15.90
6	Bartuck Machine Electronic Lockstitch Bartacker	Metal Avenues	October 27, 2006	8	18.72
7	Heat Transfer sealing machine 8 Head	Metal Avenues	October 27, 2006	2	4.00
8	Zigzag Sewing Machine	Metal Avenues	October 27, 2006	10	9.00
9	Spreading Table: Airblowing Spreading Table 10 mts. Length	Sterling Engineers	November 24, 2006	2	9.02
10	Standard Spreading Table 02 mts. Length	Sterling Engineers	November 24, 2006	4	2.76
11	Transfer Table: Transfer Manual Table	Sterling Engineers	November 24, 2006	2	1.73
12	Pinning Table: (Length 3 mtr.)	Sterling Engineers	November 24, 2006	1	3.64
13	Computerised Embroidery Machines	Sterling Engineers	November 24, 2006	40	654.50
14	Automatic Layering system	Sterling Engineers	November 24, 2006	1	76.43
15	Renzacci Planet 80	Reliable Technologies, New Delhi	December 9, 2006	2	37.35
16	DG Sets "Cummins"	Svam Power Plants Pvt. Ltd.	December 13, 2006		18.21
17	Air Compressor	Gravitas	November 8, 2006	1	3.85
18	Boiler "Thermax"	Ecotherm	December 16, 2006	1	9.15
	Total Estimated Cost of Machines (CIF)				915.30
	Add: 4% for inland freight, insurance & installation charges				36.61
	<b>Total</b>				<b>951.91</b>

\* We have already purchased the machines.

We do not propose to buy any second hand Machinery. The orders for the plant & machinery shall be placed after the acquisition of NOIDA unit is complete.

**c. Miscellaneous Fixed Assets**

<b>S. No</b>	<b>Particulars</b>	<b>Supplier</b>	<b>Date of Quotation</b>	<b>Total (Rs. In Lacs)</b>
1	Factory/ Production furniture & fixture (including chairs, stools, tables, stands, quality inspection tables)	Delhi Enterprises, Faridabad	December 7, 2006	40.00
2	Furniture for Office (Executive chairs, tables, sofa set, furniture for reception, computer tables, board room & meeting room furniture)	Delhi Enterprises, Faridabad	December 7, 2006	10.00
3	Material handling equipments consisting of bins, racks, stock and storage equipments, trolleys etc.	Dimensions/Beeco., New Delhi	December 8, 2006	30.00
4	Conveyor system for in-process (Sewing) Garment handling system, Air O Go	Productivity Aids, Bangalore	December 6, 2006	60.00
6	Fire fighting equipment	Apex Fire, New Delhi	December 6, 2006	10.00
7	Tool & inspection equipments including dies, leather testing and fabric testing equipment.	Paramount, New Delhi	December 7, 2006	4.54
8	Electrical Panels	Jindal Rectifiers, Faridabad	December 8, 2006	6.42
9	Computers & Printers including IBM Server, Server guide and monitors	Parth Technical Services Faridabad	December 8, 2006	7.00
10	ERP Software	TAAB Consultants, Delhi	December 8, 2006	10.00
11	Air Conditioners both Window and split units including A/C Plant for storage area of finished leathers	Khanna Air Con, Faridabad	December 13, 2006	12.56
12	ETP (Effluent Treatment Plant)	Ecotherm, Faridabad	December 8, 2006	8.14
13	Water Cooler/RO system	Khanna Air Con Faridabad	December 13, 2006	1.45
14	Eicher truck with closed body (one)	Shree Motors (Pvt) Limited, Delhi	December 3, 2006	7.95
15	TATA 304	TATA Motors Dealership, Haryana	December 26, 2006	5.81
16	Transformer	Indian Transformers & Electricals, Gurgaon	December 9, 2006	9.29
	<b>Total</b>			<b>223.16</b>

Our company will place order for miscellaneous fixed assets after starting of construction.

**3. Expansion at existing unit at Faridabad.**

Our company is planning further expansion at existing unit at KH-43, Sector 45, Mewla Maharajpur, Faridabad for increase in capacity, the details of which are as follows:

Products Particulars (Accessories)	2006-07	2007-08	2008-09
Installed Capacity (per year) (Nos)	NIL	15,00,000	15,00,000

The details of machinery amounting to Rs. 337.70 lakhs, proposed to be acquired are: -

S. No	Particulars	Supplier	Date of Quotations	Quantity	Total (Rs. In Lakhs)
1	Automatic Thread Cutter (UBT)	RTS Garment Machinery Pvt. Ltd., Noida	November 26, 2006	200	48.02
2	4 Thread Overlock machines	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	20	8.05
3	High Speed motorised sewing machines	Metal Avenues, New Delhi	October 27, 2006	60	6.60
4	Overlock machines	Reliable Technologies, New Delhi	December 9, 2006	45	21.19
5	Overlock machines	Metal Avenues, New Delhi	October 27, 2006	20	10.60
6	Bartuck Machine Electronic Lockstitch Bartacker	Metal Avenues, New Delhi	October 27, 2006	8	18.72
7	Heat Transfer sealing machine 8 Head	Metal Avenues, New Delhi	October 27, 2006	2	4.00
8	Zigzag Sewing Machine	Metal Avenues New Delhi,	October 27, 2006	10	9.00
9	Overlock unit complete Workstation	RTS Garment Machinery Pvt. Ltd., Noida	November 26, 2006	2	11.76
10	Electronic Lockstitch Bartacker	RTS Garment Machinery Pvt. Ltd., Noida	November 26, 2006	8	9.93
11	Baby Overlock Machine	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	3	0.97
12	3 Needle Flat Lock Machine for binding with Tape feeder, Complete Set	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	15	13.10
13	3 Needle Flat Lock Machine with fabric Trimmer Rear Pullar and Under Bed Trimmer, Complete Set	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	6	12.30
14	3 Needle Flat Lock Machine with Under Bed Trimmer, Complete Set	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	5	7.13
15	3 Needle Flat Lock Machine, Complete Set	Omfa Machines Pvt. Ltd.	September 19, 2006	4	3.49
16	3 Needle Flat Lock Machine with Take cutter and Tape Feeder, Complete Set	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	9	9.73
17	Renzacci Planet 80	Reliable Technologies, New Delhi	December 9, 2006	3	56.03
18	4 Thread Overlock machines, Complete Set	Omfa Machines, New Delhi	September 19, 2006	4	4.88

S. No	Particulars	Supplier	Date of Quotations	Quantity	Total (Rs. In Lakhs)
19	3 Needle Flat Lock Machine with Under Bed Trimmer, Complete Set	Omfa Machines Pvt. Ltd. New Delhi	September 19, 2006	1	2.39
20	6 Thread Over Lock Machine with Chain Cutter & Lint Collector, Complete Set	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	45	23.43
21	3 Needle Flat Lock Machine with fabric Trimmer Under Bed Trimmer, Complete Set	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	6	1.66
22	3 Needle Flat Lock Machine with Tape cutter and Tape Feeder, Complete Set	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	20	22.08
23	Pneumatic Collar Truning & Trimming Machine	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	8	4.41
24	Auto Zig Pattern Trimmer	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	3	2.76
25	Collar Trun & Pressing Machine	Omfa Machines Pvt. Ltd., New Delhi	September 19, 2006	2	5.34
				Total	318.59
	Add: 4% for central sales tax				12.74
	Add: 2% for inland freight, insurance & installation charges				6.37
	<b>Total</b>				<b>337.70</b>

#### 4. Long Term Working Capital Requirement

Our Company has estimated an amount of Rs 2474.44 lakhs as total working capital requirement both for existing units at Faridabad and Noida. At present we enjoy working capital limits of Rs 500 lakhs from Bank of India, Faridabad. We have further been sanctioned working capital limits of Rs 1000 Lacs from Standard Chartered Bank, New Delhi vide their letter dated April 20, 2006, part of which we intend to utilize to reduce the existing working capital limits with Bank of India. These limits are sanctioned for Faridabad units including proposed expansion therein. In total we intend to avail upto Rs 1000 Lakhs working capital limits from both the Banks. A part of the issue proceeds is to be utilized to meet additional working capital requirements of Rs 1474.44 Lakhs on account of increased operations for the unit being acquired at NSEZ, Noida.

We have taken following levels of Raw materials, Work in Progress, Finished Goods, debtors, creditors etc:-

(Rs in Lakhs)

	No. of days	2007-08
Raw Materials	45	595.00
Semi Finished Goods	45	595.00
Finished Goods	20	264.44
<b>Total Inventory</b>		1454.44
Debtors	75	1,416.67
<b>Total Current Assets</b>		<b>2871.11</b>
Less: Creditors	30	396.67
<b>Working Capital Requirement</b>		<b>2474.44</b>

#### 5. Retail Business activities and General Corporate Purposes.

The Company also plans to promote its brand name XSESRYZ and manufacture garments and accessories under this brand name. The brand name is registered in the name of erstwhile firm of promoters, Evinix Consolidated, which was merged in our Company w.e.f May 1, 2005. While distribution through a nation-wide network of retailers will carry this product line, the

Company proposes to take up direct retailing also by an appropriate combination of own stores, franchise stores, Shop-in-Shop and Mobile Mall Shops formats. In the first year, it plans to commence retail operations with five retail facilities in Delhi and NCR region, and Bangalore. Later, based on its experience gained from these areas, the network will be gradually expanded to other parts of the country.

This retail venture will require additional funds for brand building for its own brand XSESRYZ, start-up expenses for setting up retail stores like rent including deposit thereof, furniture, fixtures and displays, publicity and advertisement. The Company intends to deploy a part of the proceeds of this Issue aggregating Rs. [.] Lakhs for retail business activities and general corporate purposes including reduction in loans. We are at present enjoying fund based limits of Rs. 1500 lakhs and non-fund based limit of Rs. 400 lakhs.

## 6. Issue Expenses

The total expenses of the issue are estimated at Rs [.] Lakhs, details of which are as under:-

Activity	Amount
Issue Management	[.]
Registrar Fees	[.]
Printing & Distribution of Issue Stationery	[.]
Advertising and Marketing expenses	[.]
Brokerage and Selling commission	[.]
Other expenses	[.]
<b>Total</b>	[.]

## 7. Contingencies

Our Company has provided Rs 151.08 Lakhs for the contingencies @7.50% on cost of expansion of the unit under acquisition. Contingencies are mainly to provide for fluctuations in cost of construction of building and price/currency fluctuation in imported plant & machinery. In case the increase in prices is less than the amount provided for, the balance will be utilized for general corporate purposes.

## Expenditure already incurred on the objects of the issue.

The expenditure incurred on various projects up to the period ended December 31, 2006 as certified by the auditors of the company, A. S Patwa & Co., Chartered Accountants pursuant their certificate dated January 4, 2007 was Rs 518.72 lakhs, as given below in the table.

(Rs in Lakhs)

S. No.	Particulars	Funds deployed as on December 31, 2006 (Rupees in Lakhs)
1.	Unit acquisition (including start up expenses)	428.56
2.	Building Construction	3.11
3.	Plant, Equipment and Machinery	44.33
4.	Miscellaneous Fixed Assets	14.93
5.	Advances against Capital Expenditure	0.00
6.	Margin Money for Working Capital	0.00
7.	Public Issue Expenses	27.79
	<b>Total</b>	<b>518.72</b>
	<b>Sources of Funds</b>	
	Internal Accruals	518.72
	<b>Total</b>	<b>518.72</b>



**Implementation Schedule**

The proposed schedule of implementation is given below:-

Particular	Start	Completion
Unit Acquisition	Already Completed	
Building Construction	April, 2007	December, 2007
Orders for the Equipment (Import)	November, 2006	October, 2007
Orders for the Equipment (Local)	October, 2006	December, 2007
Erection & Commissioning	December, 2006	January, 2008
Commencement of production	November, 2006	
Starting of Retail Operations	October, 2007	March, 2008

**Quarter wise Deployment of Funds**

(Rs in Lakhs)

Particulars	Expenses incurred					Total
	Till December 31, 2006	Quarter ended March 31, 2007	Quarter ended June 30, 2007	Quarter ended September 30, 2007	Quarter ended December 31, 2007	
Unit Acquisition	428.56	20.00	-	-		448.56
Building Construction	3.11	50.00	100.00	60.62	-	213.73
Imported Plant & Machinery	-	160.00	113.29	-	-	273.29
Indigenous Plant & Machinery	44.33	800.00	445.28	-	-	1,289.61
Miscellaneous Fixed Assets	14.93	100.00	120.73	-	-	235.66
Working Capital	-	1,100.00	374.44	-	-	1,474.44
Retail Operation/General Corporate purposes	-	100.00	50.00	75.00	[ * ]	[ * ]
Public Issue Expenses	27.79	[ * ]				[ * ]
Total	518.72	[ * ]	1,203.74	135.62	-	[ * ]

**Utility Requirement and Availability of Utilities****1. Power**

For the proposed NSEZ unit, our power requirement is estimated at 250 kva, which is as per application, approved by NSEZ authorities. We shall apply to the state electricity board for sanction of requisite power at an appropriate time. In addition our company also proposes to install DG sets of 320 KVA for its requirements at the unit. Expansion at Faridabad unit doesn't require any extra load

**2. Water**

The requirement of water for manufacturing of garment is marginal. The water is mainly required in washing units, otherwise it is restricted to human consumption. The total requirement is 11-kilo ltr per day. Our company shall source the water requirement from bore well already existing in the premises

**3. Manpower**

The manpower requirement for the unit being acquired is 160 including technical staff. Our Company has already recruited the aforesaid manpower. In addition 130 manpower would be required for the expansion of unit under acquisition. The units at Noida and Faridabad are situated in the industrial belts and the manpower will be sourced locally, which is easily available. The management does not envisage any difficulty in sourcing the additional manpower required.

**4. Effluent Treatment**

Effluent generated in washing units would be treated by effluent treatment plant proposed to be installed under the Project. All effluents would be treated to neutralize any contamination. The application to Pollution Board shall also be made in due course.

**Interim Use of Proceeds**

Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue, in off-setting working capital borrowings of the company, high quality interest bearing liquid instruments including deposits with banks, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

**Monitoring of Utilisation of Funds**

The appointment of monitoring agency was not required in accordance with Clause 8.17.1 of SEBI (DIP) Guidelines, 2000. However, the Centurion Bank of Punjab Limited vide their agreement dated January 9, 2007 has agreed to act as the Monitoring Agency for monitoring the utilization of IPO proceeds. We will disclose the utilization of proceeds of the Issue under a separate head in our balance sheet for fiscal 2007 clearly specifying the purpose for which such proceeds have been utilized. No part of the Issue proceeds will be paid by us, as consideration to Promoters, Directors, Company's Key Managerial Personnel or companies/entities promoted by the Promoters except in normal course of business. In case the Public Issue does not go as planned, our Company will make alternative arrangements like availing of fresh loans from Banks and also internal accruals.

**BASIC TERMS OF THE ISSUE**

**Public Issue of 35,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per Equity Share aggregating to Rs. [•] (referred to as the 'Issue'), by Evinix Accessories Limited (the 'Company' or 'Issuer'). The Issue would constitute 32.71% of the fully diluted post issue paid up Equity Share Capital of the Company.**

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	Minimum of 17,50,000 Equity Shares of Net Issue.	At least 5,25,000 Equity Shares shall be available for allocation.	At least 12,25,000 Equity Shares shall be available for allocation
Percentage of Issue Size Available for allocation	Minimum 50% of the Net Issue (of which 5% shall be available for allocation for Mutual Funds)*. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs	Minimum of 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Minimum of 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed**	Proportionate as follows: a. Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds b. The balance Equity Shares of the QIB portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1, 00,000 and in multiples of 50 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter	50 Equity shares and in multiples of 50 Equity Share thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceeds Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	50 Equity Shares in multiples of 50 equity shares thereafter	50 Equity Shares in multiples of 50 equity shares thereafter	50 Equity Shares in multiples of 50 equity shares thereafter
Who can apply***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial Banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lakhs and pension funds with minimum corpus of Rs. 2500 Lakhs in accordance with applicable laws.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceed Rs. 1,00,000 in value.
Terms of Payment	Margin Money applicable to QIBs at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of the bid amount	Full Bid amount on Bidding	Full Bid amount on Bidding

\* Subject to valid bids being received at or above the Issue Price.

\*\*Under-subscription, if any, in any category except in the QIB category would be met with spillover from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 50% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

\*\*\* 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.

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

**Qualitative Factors**

- Company has experience in the fashion accessories industry of 10 years.
- The promoters of our Company are technocrats with fifteen years of experience and are assisted by a qualified management team.
- Company has diversified product range in fashion accessory segment.
- The Company's clientele includes known customers in USA and Europe. The list of top buyers includes The GAP Inc., Esprit Europe Trading & Product Development, Next Retail Limited, H & M Hennes & Mauritz AB, Fashion Box Industries SPA, Debenhams Retail PLC.
- The Company has relationships with its clients reflected in repeat orders.

**Quantitative Factors:****1. Adjusted Earning Per Equity Share**

Particulars	EPS(Rs)	Weights Used
2003-04	(44.69)	1
2004-05	67.96	2
2005-06	7.96	3
April 1, 2006 to September 30, 2006	4.37	-
Weighted Average EPS for last 3 years	19.18	

EPS has been calculated as Profit After Tax / Total number of fully paid up Equity Shares. Profit After Tax, as restated and appearing in the statement of profit and losses has been considered for the purpose of computing the ratio.

**2. Price / Earning Ratio (P/E) in relation to Price Band of Rs 100 to Rs. 120**

- Based on the Financial Year 2006 EPS of Rs. 7.96, P/E ratio is 15.07 at the upper end of the price band and 12.56 at the lower end of the price band.
- Based on weighted average EPS of Rs. 19.18, P/E ratio is 6.25 at the upper end of the price band and 5.21 at the lower end of the price band.

**Industry P/E\***

The Company is in fashion accessory segment. As the company's products are mainly from textile we have taken into consideration P/E of companies in Textile Products Industry, as disclosed in Capital Market magazine.

- (i) Highest 104.6
- (ii) Lowest 4.3
- (iii) Average 31.4

(\*Source: Capital Market Volume January 15-28, 2007, Category "Textile Products")

**3. Return on Net worth (RoNW)**

Financial year	RONW (%)	Weights
2003-2004	(199.07)	1
2004-2005	148.54	2
2005-2006	36.45	3
Weighted Average RONW	17.89	

\* RONW (%) for the period April 1, 2006 to September 30, 2006 is 16.58.

Return on Networth = Profit After Tax / Total Net worth, whereas Networth = Fully paid up Share Capital + Free Reserves – Miscellaneous Expenditure.

4. Minimum return on increased net worth required to maintain Pre issue EPS of Rs. 7.96 is 15.78% at the lower end of the price band and 13.97% at the higher end of the price band.

**5. Net Asset Value per share (NAV)**

- (i) As of fiscal 2005-06 : Rs. 22.51
- (ii) As at September 30, 2006 : Rs. 26.33

Net Asset Value after the issue is Rs. 50.43 per Equity Share at the lower end of the price band and Rs. 56.97 at the higher end of the price band.

NAV per share = Paid up share capital + Reserves and surplus – Miscellaneous expenditure not yet written off / No. of shares of the Company outstanding.

**6. Comparison with Industry Peers\***

Particulars	EPS(Rs) (TTM)	P/E(TTM)	Book Value as on 31st March 2006(Rs)	RONW for the F.Y 2005-06 (%)
Evinix Accessories Limited	7.96	-	22.51	36.45
Celebrity Fashions	5.0#	-	90.5	10.1
Grabal Alok Impex	5.2	28.5	30.8	19.8
Crew B.O.S Products Limited**	14.8	16.2	54.9	29.5

(\*Source: Capital Market Volume January 15-28, 2007, Category “Textile Products”)

#EPS for FY 2005-06

\*\*Only listed company in Fashion Accessory Segment is Crew B.O.S Products Limited, which is predominantly engaged in leather fashion accessories.

The face value of the shares of the Company is Rs. 10/- per share and the issue price of Rs. 10 times at the lower end of the price band and 12 times at the higher end of the price band of the face value of the Equity Shares of the Company. The Issue price of Rs [\*] determined by the company in consultation with the Book Lead Managers and is justified on the basis of above factors.

See the section titled “Risk Factors” on page no. iii and financials of our Company as set out in the auditors report on page no. 74 of this RHP to have a more informed view.

**TAX BENEFIT CERTIFICATE**

We have examined the tax records of Evinix Accessories Ltd. and certify the following tax benefits:

**(I) TO THE COMPANY:**

The Company will be entitled for the following benefits in computing the Taxable Income under the Provisions of the Income tax Act, 1961:

1. Under Section 32 of the Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.
2. The Company is entitled to 100% exemption of the profits derived from the export of goods from a unit acquired during the year at NSEZ, Noida in accordance with the provisions of Section 10 B on the Income Tax Act, 1961 for five years.
3. The Company is eligible for amortization of preliminary expenses being the expenditure on public issue of shares under section 35D (2) (iv) of the Act, subject to limits specified in sub-section (3) and also for deferred revenue expenses and pre-operative expenses.

**(II) TO THE MEMBERS OF THE COMPANY:**

1. The members of the company, who sell their shares after retaining them for a period of 12 months or more and pay security transaction tax, the long term Capital gain so arising shall be fully exempted from income tax.
2. The Members of the Company, who sell the shares after retaining them for a period of less than 12 months and pay Security Transaction Tax, are liable to pay Short Term Capital Gain tax @ 10% only.
3. Section 10 (34) provides that any income by way of dividend referred to in section 115-O i.e. dividend declared, distributed or paid by a domestic company, on or after 1st April 2003 is exempt in the case of all categories of assessees.
4. As per provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under the proposed section 10 (38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax, to the extent such gains are invested in acquiring Equity Shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets held for more than 12 months. Eligible issue of share capital includes the Equity Shares made by a public Company formed and registered in India; and the shares forming part of the offer for subscription to the public. The issue of shares by the company being an eligible issue of share capital, the subscribers thereto, would be eligible to claim the exemption granted under section 54 ED of the Act.
5. As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (HUF), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax, if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If a part of such net consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

**(III) TO THE NON RESIDENT INDIANS/FOREIGN INSTITUTIONS**

1. A Non-resident has an option to be governed by the Provisions of Chapter Xii-A of Income Tax, 1961.
2. (a) As per provisions of Section 10 (38), Long term Capital gain arising out of the securities sold on the recognized stock exchange in India is fully exempt, subject to payment of securities transaction tax.  
(b) As per amended section 115 AD of the Income Tax Act, 1961, the short term capital gain arising from sale of securities within 12 months, is to be charged @ 10% only.
3. Under section 115 E of Income tax Act, 1961, income including interest arising out of investment in convertible foreign exchange shall be taxed @ 20%. However, dividend income is exempt U/s. 10 (34) of the Income Tax Act 1961.
4. Under Section 115-G of the Income Tax Act, 1961, a non-resident is not obliged to file the return of income U/s. 139 (1) of the Act, where total income consists only of income from investment and/or long term capital gain and the tax has been deducted at source from such income.
5. A non-resident Indian even after becoming assessable as resident Indian may continue to have benefit of Chapter XIIA subject to the compliance of section 115-H of Income Tax Act, 1961 in respect of foreign exchange assets specified in Clause 115-C.
6. U/s. 115-I of the Act, non-resident may elect not to be governed by the provisions of Chapter XIIA for any Assessment year and on his doing so, he/she will be entitled to the tax benefits available to Indian resident.

**(IV) WEALTH TAX**

Shares of the company held by the members being individual, Hindu Undivided Family and companies will not be subject to Wealth Tax, as these being productive assets, are not included in the definition of assets with effect from April 1, 1992.

**(V) GIFT TAX**

The gift Tax Act 1958, ceases to apply to gifts made on or after October 1, 1998. However, the gifts of shares of the company to close relatives would be exempt from Gift Tax (even after insertion of section 56 (2) (v) in the Income Tax Act, 1961, w.e.f. 1st September 2004.

**(VI) NOTES:\**

1. All the above benefits are as per the Current Tax Laws as amended by the Finance Act, 2005.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In respect if Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Agreement, if any, between India and the Country in which the Non-Resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For A. S. Patwa & Co.  
CHARTERED ACCOUNTANTS

Place: Faridabad  
Date: December 12, 2006

(A. S. PATWA)  
Proprietor  
Membership No. 11330

## INDUSTRY OVERVIEW

The Fashion Accessory segment, in which the company operates, does not have a recognized association for monitoring and accumulation of industry data. The company manufactures and exports products made out of fabrics and textiles as primary segment.

The Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 16 percent to the country's export earnings. It provides direct employment to about 35 million people. The Textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

(Source: [www.texmin.nic.in/annualrep](http://www.texmin.nic.in/annualrep))

The Indian textile industry is extremely varied, with the hand-spun and hand woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The close linkage of the Industry to agriculture and the ancient culture and traditions of the country makes the Indian textile sector unique in comparison with the textile industry of any other country. This also provides the industry with the capacity to produce a variety of products suitable to different market segments, both within and outside the country.

(Source: [www.texmin.nic.in/annualrep](http://www.texmin.nic.in/annualrep))

### Textile Exports

Textile exports contribute substantially to the Country's export earnings. In 2004- 05 they contributed 16.24% of the total export earnings of the country. In quantum terms they were US\$ 13 billion, against a target of US\$ 15.16 billion, and during April to November 2005, these grew by 8.2% over the corresponding period of the previous year. The overall target for 2005- 06 has been fixed at US\$15.565 billion. The size of the domestic market is estimated at US\$25 billion and imports form about 5% of the market size, i.e., US\$ 2 billion. The export basket includes a wide range of items viz. cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups, and a variety of garments.

(Source: [www.texmin.nic.in/annualrep](http://www.texmin.nic.in/annualrep))

### Post Multi Fibre Arrangement (MFA) Scenario

With the abolition of quotas from 1st January, 2005, the liberalized trading regime has opened new vistas for the sustained development of the textile industry by providing greater export opportunities and creating a large number of additional jobs, especially for unskilled, semi-skilled workers and women. Various measures have been taken to prepare the textile industry to reap the benefits of the post Multi-Fibre Arrangement (MFA) regime.

The Government has rationalized the fiscal structure, allowed 100% FDI under the automatic route, de-reserved the readymade garments, hosiery and knitwear sector, launched the Technology Upgradation Fund Scheme (TUFS) on April 1, 1999 and the Technology Mission for Cotton (TMC) on 21.02.2000. The Textile Centre Infrastructure Development Scheme (TCIDS) and Apparel Parks for Export Scheme (APES) has been merged into a single scheme namely the 'Scheme for Integrated Textile Parks' (SITP). In the new scheme, Government support in the form of grant or equity would be limited to 40% of the project cost, subject to a ceiling of Rs. 40.00 crore.

(Source: [www.texmin.nic.in/annualrep](http://www.texmin.nic.in/annualrep))

### In the Budget 2006-07, the following important announcements concerning the textile sector have been made.

- Excise Duty on Man-made Fibre and Filament yarn reduced from 16% to 8%
- Import duty on Man made Fibre and Filament yarn reduced from 15% to 10%
- The allocation for Technology Upgradation Fund Scheme (TUFS) has been enhanced from.  
Rs 435.00 cr . to Rs. 535.00 cr.
- An allocation of Rs. 189.00 cr. has been provided for the Scheme for Integrated Textiles Parks (SITP).
- The Jute Technology Mission has been announced.
- A Jute Board is proposed be established.
- The Cluster Development approach will continue, 100 additional clusters at a cost of Rs. 50.00 cr. will be covered.



- Yarn depots will be established to ensure the uninterrupted supply of yarn to weavers.
- A 'Handloom Mark' on the pattern of 'Wool Mark' will be introduced.
- TUFSS will be extended to the handloom sector to provide interest subsidy on term loans.
- The provision for the handloom sector, has been enhanced from Rs. 195.00 cr. to Rs. 241.00 cr.

(Source: [www.texmin.nic.in/annualrep](http://www.texmin.nic.in/annualrep))

The government is committed to a strong and vibrant Textile Industry, which would contribute significantly to production and employment and thereby promote economic growth.

The government has set out following important targets

- To ensure the growth of Textile Industry from the current US \$ 37 billion to US\$85 billion by 2010. Exports would rise to US\$ 40 billion from present US\$ 13 billion and domestic market would touch US\$ 45 billion;
- To Create 12 million new jobs in the Textile Sector;
- Increase India's share in world trade from current level of 3 percent to 6 percent by 2010 .
- Make an additional investment of Rs. 1,40,000 crore for modernizing and consolidating the Textile Industry to make it globally competitive.
- Implement vigorously, in a time bound manner, the Technology Upgradation Fund Scheme (TUFSS) covering all manufacturing segments of the industry.
- Achieve increase in cotton productivity by at least 50% and upgrade its quality to international standards, through effective implementation of the Technology Mission on Cotton.
- Launch the Technology Mission on Jute to increase productivity and diversify the use of this environment-friendly fibre;
- Assist the private sector to set up specialized financial arrangements to fund the diverse needs of the textiles industry;
- Encourage the private sector to set up world class, environment friendly, integrated textile complexes and textile processing units in different parts of the country;
- Strengthen and encourage the handloom industry to produce value added items.
  - Re-design and revamp, the Schemes and Programmes initiated in the handlooms, sericulture, handicrafts and jute sector to ensure better returns for those belonging to the disadvantaged categories, and the North East and other backward regions of the country;
  - Facilitate the growth and strengthen HRD Institutions including NIFT (National Institute of Fashion Technology) on innovative lines;
  - Review and revitalize the working of the TRAs (Textile Research Associations) to focus research on industry needs; and
  - Transform, right size and professionalise all field organizations under the Ministry of Textiles to enable them to play the role of facilitators of change and growth.

(Source: [www.texmin.nic.in/annualrep](http://www.texmin.nic.in/annualrep))

## SECTION IV: ABOUT THE COMPANY

### OUR BUSINESS

We are in the business of designing and manufacturing of Fashion Accessories and Garments for Exports as well as Domestic markets. Our range of products includes Bags, Caps, Hats, Belts, Scarves, Stoles, Wallets, Baby bibs, Cribs, Blanket, fashion apparels etc. We are also engaged in trading of fabrics.

We started our operation in the year 1996 as a Small Scale Industry with a focus on manufacturing of Headgears, Base Ball Caps and High Altitude Jackets using cotton textile, leather and synthetic leather mainly for exports. Later in 1998, we started manufacturing and exporting fashion bags, travel bags, school bags, wallets, belts and scarves, catering to international clients. Expansion by adding modern machines was undertaken in the year 2000 to meet the increased demand of additional overseas clients. Presently, we cater to the demand of leading international brands and also to domestic markets.

Our product range consists mainly of two categories, fashion accessories and fashion apparels. We offer wide range of products in both the categories, the details of the same are given below:-

#### Fashion Accessories

- Caps, Hats and Bandanas.
- Sports Bags
- Ladies Fashion Bags
- Soft Travel Bags
- Wallets
- Leather Belts
- Fashion Belts
- Small Fashion Goods such as Coin Purses, Travel Kits, Gift Giveaways, etc.
- Wraps, Stoles, Scarves and Shawls.
- Baby Bibs, Cribs Blanket and Beddings.

#### Fashion Apparels

- Kidswear — Trousers and Tops (Denim and Non Denim)
- Women's Wear - Tops and Dresses.

We also undertake Bulk Trading of Processed and Greigh Fabric. Our Company has been continuously adding new products and new buyers in the Fashion Accessories segment. These are presently being produced at two factories with in-house facilities for fabrication, washing and embroidery.

We have a dedicated department for developing new designs and converting design ideas and concepts into products. Taking into account the colour and trends forecasts from various fashion magazines and fashion houses overseas, we incorporate Indian material availabilities with our in-house capabilities to present ready-to-produce samples for our customers. This saves our customers the effort of researching for products, thereby giving our company an edge over competitors, both domestic and international.

The major buyer of our products presently in the domestic markets includes Adidas India Marketing Pvt Limited and Gokaldas India, Bangalore. We have recently entered into licensing and sales agreement on February 23, 2006 for caps and bags for Gini & Jony brand. This is a non-exclusive agreement for three years. Under the licensing arrangement, the supply chain would be directly managed by our company with all exclusive outlets, dealers & distributors of Gini and Jony directly placing orders, getting delivery and making payments to our company. We have already started producing and supplying material as per the agreement.

Our buyers in overseas market presently includes The GAP Inc. U.S.A, Esprit Europe Trading & Product Development, GmbH, Germany, Next Retail Limited, U.K, H & M Hennes & Mauritz AB, Sweden, Fashion Box Industries SPA, Italy, Debenhams Retail PLC, UK. The orders for few major buyers like Debenhams Retail, Next Retail Limited, Esprit Europe Trading & Product Development are through their Indian agent M/s Impulse International Pvt Limited, Gurgaon.

Our Company has diversified client base as aforesaid with orders for our products from both domestic and as well as overseas buyers. The following table reflects the orders received by our company from buyers consistently for the year 2005-06 and for the period from April 1, 2006 till December 31, 2006:

Buyers	No. of orders received during the year 2005-06 (figures in brackets indicate amount of amount orders in lakhs)	No. of orders received during April 1, 2006 to December 31, 2006 (figures in brackets indicate of orders in lakhs)
Esprit Gmbh, Germany	26 (Rs. 146.01 lakhs)	48 (Rs. 246.52 lakhs)
Debenhams, UK	1 (Rs. 9.62 lakhs)	22 (Rs. 108.54 lakhs)
Arvind Brands Ltd., Bangalore	6 (Rs. 0.28 lakhs)	12 (Rs. 0.40 lakhs)
Adidas India Marketing Private Limited	228 (Rs. 425.12 lakhs)	83 (Rs. 247.92 lakhs)
V & S International Private Limited, Haryana	23 (Rs. 208.56 lakhs)	21 (Rs. 214.21 lakhs)
Espirit DE Corp (1980) Limited, Canada	1 (Rs. 0.04 lakh)	2 (Rs. 0.16 lakhs)

In the financial year 2004-05, we exported fashion accessories worth Rs. 772.05 Lakhs and in the financial year 2005-06, we exported fashion accessories to the extent of Lakhs and till September 30, 2006 the sale of fashion accessories was Rs. 1783.05 lakhs. Our gross income from sales of product manufactured by us (both export and domestic) reached to Rs 2870.30 Lakhs in the F.Y 2005-06 and Rs. 1783.06 lakhs as on September 30, 2006.

#### Key Business Strengths

- 1. Promoted by qualified and experienced promoters:** Mr. Rajeev Taneja, Managing Director is an Electrical Engineering graduate from N.I.T under Kurukshetra University. He also holds a Post Graduate Diploma in International Trade from Indian Institute of Foreign Trade (IIFT), Delhi. Mr. Sanjay Taneja, Director-Operations is B.Tech (Textile Technology) from Technological Institute of Textiles, Bhiwani (Maharishi Dayanand University) & Post Graduate Diploma in Garment Manufacturing Technology from NIFT, Delhi. Both the promoters have more than 15 years of experience in the industry
- 2. In-house research, design and development capabilities:** The company has a dedicated department for developing new designs and converting design ideas and concepts into products. Taking into account the colour and trends forecasts from various fashion magazines and houses, we incorporate Indian material availabilities with our in-house capabilities to present ready-to-produce samples for our customers. This saves our customers the effort of researching for products, thereby giving our company an edge over competitors, both domestic and international markets.
- 3. Product re-engineering:** The products are manufactured to meet the customer's quality specifications and product life expectancy while selecting most appropriate cost-effective materials and processes.
- 4. Dedicated product specific manufacturing facilities:** We have strived to add production capacities by installing machines for each specific end product. This ensures consistently good quality products while cutting down on production time and labour.
- 5. Customer Relationships:** We have nurtured valuable relationships with reputed international customers, and this is reflected in the repeat business obtained from the customers ever since inception.

#### Business Strategy

1. Leverage existing customer relationships to increase business per customer
2. Expand into fashion garments to widen the product range offering to cater to the reputed international customers
3. Increase manufacturing automation to produce consistent quality at least costs
4. Licensing arrangements for branded retail sales in domestic market to use the opportunity offered by booming domestic demand and organized retail

**Capacity Utilisation****Existing Products Capacity:**

Products	Particulars	2002-03	2003-04	2004-05	2005-06	For period ended September 30, 2006
Fashion Accessories/ Garments*	Installed Capacity (per year)(Nos)	7,50,000	7,50,000	7,50,000	20,00,000	20,00,000**
	Capacity Utilised (Nos)	3,07,132	4,40,654	6,11,629	16,08,162	8,35,811
	% of capacity Utilised	41%	59%	81.55%	80.41%	83.58%#

\*At present our company is majorly manufacturing fashion accessories. The same facilities are being utilized to produce fashion garments

\*\*Annual Capacity

# For six months

**Proposed Capacity Expansion including NSEZ unit**

Products	Particulars	2006-07	2007-08	2008-09
Accessories	Installed Capacity (per year)(Nos)	NIL	15,00,000	15,00,000
Garments	Installed Capacity (per year)(Nos)	30,00,000	30,00,000	30,00,000

**Total Installed Capacity (Post Expansion)**

Products	Particulars	2006-07	2007-08	2008-09
Accessories	Installed Capacity (per year)(Nos)	20,00,000	35,00,000	35,00,000
	Proposed Capacity Utilization (Nos)	17,50,000	24,50,000	28,00,000
	% of capacity Utilised	87.50%	70%	80%
Garments	Installed Capacity (per year)(Nos)	30,00,000	30,00,000	30,00,000
	Proposed Capacity Utilization (Nos)	3,00,000	21,00,000	24,00,000
	% of capacity Utilised	10%	70%	80%

**EXISTING INFRASTRUCTURE****Details of location of our existing plants are: -**

1. Kh No. 43 Sector 45,  
Mewla Maharajpur A 100% EOU unit  
Faridabad-121003, Haryana
2. 14/3, Mathura Road  
Faridabad, Haryana, India

**Land & Factory Building**

The following is the details of land and building of our company:

**a) The unit at KH-43, Sector 45, Mewla Maharajpur, Faridabad** consists of 22,000 sq ft of land located 12-1, KH-43 North Sector-45, Faridabad, Haryana, which was taken on lease w.e.f 1st April 2000 from the erstwhile firm "Evinix Consolidated" at a lease rent of Rs 54,000 per month. The said property has devolved into company w.e.f 1st May 2005 from dissolution of erstwhile firm. Our company has started process for getting mutation of the property in its name.

The adjacent property at 19-1, KH-43, North Sector-45, Faridabad measuring 2592.06 sq yards (23300 sq ft) has been taken on lease for a period of 40 months from 1st October 2004 and ending 31st Jan 2008 vide lease deed dated 25th July 2003 at a lease rent of Rs 61,000 per month. The lease deed is unregistered.

The total constructed area of these two properties is 41,000 sq ft.

**b) The unit at 14/3 Mathura Road, Faridabad**, Evinix Consolidated, the erstwhile firm has taken on lease premises measuring 9936 sq ft vide lease deed dated 31st Dec 2001 for a period of 5 years starting from 31st Dec 2001 at a monthly lease rent of Rs 38,000. The firm has since devolved into our company w.e.f 1st May 2005. The lessor in the aforesaid lease has consented to transfer the lease in the name of our company on the same terms and conditions till 31st Dec 2006 vide his letter dated 12th April

2006 .Our company is confident of extension in the period of lease beyond 31st Dec 2006.The total constructed area of the unit is 8270 sq ft .

**c) Land situated at 404 P Sector 21, Urban State, Faridabad-** Our Company has in possession 1011.11 sq yards of property, which was devolved to the company upon dissolution of the erstwhile firm Evinix Consolidated. The erstwhile firm acquired the said property vide registered sale deed dated September 22, 1997 for a total consideration of Rs 11.12 Lakhs.We are in the process of getting the land records mutated in our name.

**d) Shed No. 37, DSIDC** This property is in the personal name of our promoters, which was devolved in the company from dissolution of the erstwhile firm Evinix Consolidated.The shed is not in use.

**Power**

The company has sanctioned demand load of 155 kva for its main unit at Kh No. 43 Sector 45,Mewla Maharajpur, Faridabad Unit and 100 KVA for 14/3,Mathura Road Faridabad unit. It also has two DG sets of 162.50 kva each at the above units, as standby arrangement. The load is sufficient to meet the existing requirements.

**Water**

The total requirement of the company for the 14/3,Mathura Road Faridabad plant is 20,000 litre per day and for Kh No. 43 Sector 45,Mewla Maharajpur, Faridabad Unit is 5,000 litres per day. Water is used for boilers, washing of fabrics etc. The company is sourcing its water requirements for both the units from borewells. Both have sufficient capacity to meet the increasing requirement even after expansion.

**Raw Materials**

The major raw materials used are: -

**1. Fabrics**

Our company uses fabrics like cotton, polyester, nylon, jute, wool, denim and various blends etc. These fabrics are procured from India, Taiwan, South Korea and China. 95% of the fabrics are procured domestically. The major domestic suppliers of the company are Pasupati Spinning and Weaving Mills Limited, Alps Industries Limited, Techno Fabrics, Dhar Textile Mills Limited and major foreign suppliers include Bondex International (HongKong) Limited, NDP Fabrics Limited, Hong Kong, Chiat Hing Textile Co. Limited, Hong Kong, and Vico Korea Corporation Limited, Korea.

**2. Accessories**

Our company buys from the local market as well as imports, accessories like buttons, buckles, tapes, laces, labels, zippers, inter lining etc. Approx 85% of the requirement of the company is procured domestically. These accessories, trims, embellishment are easily available in the domestic market. However, in some cases, depending on the customer's requirement, these may be imported from customer specified sources. The major suppliers of accessories are Priya Fabrics, Madura Coats Private Limited, Shaktimaan Zips Private Limited, domestically and San Long Industries Co. Limited, ChinaYBS Zipper (Suzhou) Co. Limited, China etc in foreign markets.

**3. Leather**

Our company sources a major part of its leather requirement from domestic markets and approx 10% of its requirement from overseas market. The major domestic suppliers of leather are K.K tanners, Jalandhar, Hijaz Leathers Private Limited, Chennai. The Company has buying arrangements in Bangladesh and Italy for procuring finished leather. The major overseas suppliers are Bay tanneries Limited, Bangladesh, Carsten's Suede & Leather Srl, Italy etc.

**Manpower**

The present manpower of the Company is 551 employees consisting of –

S. No	Unit	Staff	Skilled Workers	Unskilled Workers	Total
1	KH-43, Sector-45, Faridabad Unit	85	121	59	265
2	14/3, Mathura Road, Faridabad Unit	14	27	9	50
3	138, NSEZ, Noida Unit	52	173	11	236
	<b>Total</b>	<b>151</b>	<b>321</b>	<b>79</b>	<b>551</b>

**Effluent Treatment Plant**

The company has installed necessary effluent treatment facilities to meet with the requirements of washing facilities installed at one of its units. It holds a clearance from the Haryana State Pollution Control Board valid upto 31st March 2006 and has applied for further renewal.

**Existing Machinery**

The details of various machinery at the existing facilities are:

Operation	Make of Equipment	Quantity	
		Kh-43, Sector-45, Mewla Maharajpur, Faridabad (Haryana)	14/3 Main Mathura Road
Stitching	Post Bed	3	5
	Seiko	38	3
	Kansai, Pegasus - Flat Bed	2	
	Kansai- special 12 Needle	1	1
	Brother	53	14
	PFAFF DIN	2	1
	BARTAK, Brother	1	
	Juki D/N M/C	13	2
	Chain Stitch Machine	1	
	Zigzag Stitch Machine	1	
	Sun Star	25	
	Mitshubishi	16	10
	Singer	6	36
	Golden Rich	35	37
	Expert	22	
	Cylinder Bed	9	4
	Emel	4	11
	D/n Pasun		1
	Stager		2
	Hatvisor Stitch Sewing Machine		1
Adler		2	
Yamata		1	
Fabric Fusing	Singer, Hashima	2	
	Trinteas House		1
Fabric Cutting	Eastman Cutting M/C	2	1
	Wastema Cutting M/C	1	
	Blue streak cutting		1
Fabric Checking	Ramsons Fabric Insp. M/C	1	
Fabric over locking	Overlock	1	1
	Takayama	1	
	Baby GN	1	
Repairing & Maintenance	Grinder International	1	
Edge Cutting Machine	Toyota Edge Cutter M/C	1	
	Juki Edge Cutter	1	2
	Brother	1	2
Leather Buffing machine	OMAC-870	2	
	Buffing Grinder M/C(Nitico)	1	
Leather Edge Inking machine	TORIELLI	2	
	OMAC	1	
Leather Dryer	OMAC	1	
Leather splitting	TORIELLI	1	

EVINIX ACCESSORIES LIMITED

Embossing	OMAC	1	
	Hand Embossing	1	
Leather pasting	OMAC, TORIELLI	3	
Leather skiving	Taking skiving Machine	1	1
Belt Folding	TORIELLI	1	
Leather Strap Cutting	Belt strap cutting machine	1	
Button fixing	TY-818 Button M/C	6	2
	Heavy Button M/C Taiwan	1	
Button Testing	IMADA	1	1
Ironing	Pressing table	2	1
	Steam Press table	6	
	Roller Press M/C Kalsi	1	
	Asosa Auto Steaming Hat Ironing M/C	1	
	Boiler	2	1
	Steam generator	1	
	Auto Steaming Cap Ironing M/C	1	
	Stemer silver stone SR-5000	1	1
Stain Removing	TREVIL-ITALY-20060 Spotting Machine	1	1
Fabric Die Cutting	4920-10 Wastema	1	
Fabric Die cutter	Clickind die M/C	1	1
Metal Checking	Cintex Needle Seach FM	1	1
Box strapping	Strapping M/C allespeak	1	1
Moulding	Pick Front Mould M/C	1	
	Hat Moulding		1
	Cap Moulding		1
Pick cooling	HK-601-0-8	1	
	PH-60-3A		1
Weighing machine	Caliber (Weighing Scale)	3	1
	Aman (Weighing Scale)		1
	Yarn weighing scale(Paramount)	1	
Washing Machine	Wash M/S Aquatak 100plus	1	
Fabric GSM cutter	GSM Cutter(Paramount)	1	
Fabric Crocking Machine	Crockmeter (Paramount)	1	
Fabric shade checking	Light Box Spectrolight III	1	
Sticker Press M/c	MC-1		1
Eyelet M/c	Stager		1
	Juke		1
Washing Equipment	PEKK M/C Dom Int.		1
	Ramson Tumble Drier		1
	Ramson Washing M/C		2
	Hydro Extractor 26"		1
	Steam Boiler (Revomax)		1
Embroidery	Tajima-tmfx-c904 (1-3E) & 612 (1-18)		2
	Barudum		1
	Brother 9 thread emb. M/C		1
	Poonghan		1
Thread Burning M/C	Thread burn		2

**Insurance**

The Company has taken following insurance covers:-

**A. Standard Fire & Special Perils Policy**

EAL has obtained the following insurance policies from New India Assurance Company Limited.

Particulars	Policy Number	Period	Sum insured (Rs. in lakhs)	Premium (Rs. in lakhs)	Risk Description
Plant and machinery, Computers, Laptops Insured's Name: Evinix Accessories Limited	354002/11/ 05/11/ 00001672	March 27, 2006 to March 26, 2007	1253.45	1.52	Plant and machinery, Computers, Laptops at Khasra No. 43, Sector-45, Mewla Maharajpur, Faridabad, Haryana 121 003
Plant and machinery, electrical installation on electrical fittings, gen set, other stocks of finished, semi finished and or under process raw material used for manufacture of readymade garments and accessories Insured's Name: Evinix Accessories Limited	354002/11/ 05/11/ 00001670	March 27, 2006 to March 26, 2007	377.00	0.83	On stock of finished, semi finished and or under process raw material used for manufacture of ready made garments and accessories situated at 14/3, Mathura Road, Faridabad, Haryana

**B. Standard Traditional Business insurance policy for Stocks in trade, goods held in trust, furniture and fixtures and others unspecified material objects for property situated at Khasra No.43, Sector 45, Mewla Maharajpur, Faridabad – 121003, Haryana.**

**Insurer: New India Assurance Company Limited**

Particulars	Policy	Period Number	Sum insured (Rs. in lakhs)	Premium (Rs. in lakhs)	Risk Description
Plant Machinery, Stock Building at Khasra No.43, Sector-45, Mewla Maharajpur, Faridabad, Haryana 121 003, Insured's Name : EAL Enhancement on risk insured on stock	354002/46/ 04/00236	August 10, 2005 to August 9, 2006  March 27, 2007	551.05	0.055  821	Plant and machinery, Machinery, Fixtures and Fittings, Finished, semi finished, Raw material and or under process of caps, Bags, Belts, Wallets etc, Air conditioners, Computers with all accessories Generator set at Khasra No. 43, Sector-45, Mewla Maharajpur, Faridabad, Haryana 121 001.
Stock in Trade, Goods held in trust/ commission, furniture, fixture, fittings, coins/ currency notes Khasra No. 43, Sector-45, Mewla Maharajpur, Faridabad, Haryana 121 001. Insured's Name : EAL	354002/46/ 05/04/ 00000779	March 27, 2006 to March 26, 2007	1253.45	0.076	Against Burglary



Stock of readymade garments and accessories situated at 14/3, Mathura Road, Faridabad, Haryana Insured's Name : Evinix Consolidated	354002/46/05/04/0000777	March 27, 2006 to March 26, 2007	75.00	0.0007	Against Burglary
Stock of finished, semi finished and or under process Raw Material  Plant and Machinery including Generators, Air Conditioners with Stabiliser, Computers, Lap tops, furniture and fixtures , Electric installation whilst lying or stored in the insured premises situated at 138, NSEZ, NOIDA Phase-II	354002/46/06/04/00000502	December 21, 2006 to December 20, 2007	400.00  300.00	0.078	Against Burglary

**C. Standard Traditional Business insurance policy for Stocks in trade, goods held in trust, furniture and fixtures and others unspecified material objects for manufacturing unit situated at 14/3, Mathura Road, Faridabad, Haryana, India**

Particulars	Policy Number	Period	Sum insured (Rs. in Lakhs)	Premium (Rs. in Lakhs)
Industrial Building above plinth level including woodwork and Electrical fittings used for manufacturing of garments accessories whilst situated at the above address of first class construction	354002/11/06/06/11/00001019	December 21, 2006 till December 20 2007	60.00	0.16

**D. Standard Traditional Business insurance policy for Stocks in trade, goods held in trust, furniture and fixtures and others unspecified material objects for manufacturing unit situated at Plot No. 138, NSEZ, Phase-II, Noida Dadri Road, Noida 201305, U.P.**

Particulars	Policy Number	Period	Sum insured (Rs. in Lakhs)	Premium (Rs. in Lakhs)
Industrial Building above plinth level including woodwork and Electrical fittings used for manufacturing of garments accessories whilst situated at Unit III	354002/11/06/11/11/00001018	December 22, 2006 till December 21, 2007	60.00	0.16

## • Motor Vehicles Policy

Name of insurer	Policy Number	Motor Vehicle	Risk Description	Period of insurance	Total premium (Rs. in Lakhs)
ICICI Lombard	3001/50084268 /00/000	Honda City bearing registration No. DL 3CV-8381	The sum insured under the policy covers the motor vehicle, owned by EAL being insured in relation with third party accident cover.	July 23, 2006 to July 22, 2007	0.11
The New India Assurance Company Limited	354002/31/05/03665	Scorpio SLX bearing Registration No. HR 26X 5545	The sum insured under the policy covers the motor vehicle, owned by EAL (in the name of Evinix Consolidated, the erstwhile Firm) and hypothecated to Kotak Mahindra Primus Limited being insured in relation with third party accident cover.	November 26, 2006 to November 25, 2007	0.21
The New India Assurance Company Limited	354002/31/05 /01/00005867	Maruti Zen VX HR 29 H 0595	The sum insured under the policy covers the motor vehicle, owned by EAL being insured in relation with third party accident cover	27th March 2006 to 26th March 2007	0.05

• Marine Cargo Open Policy

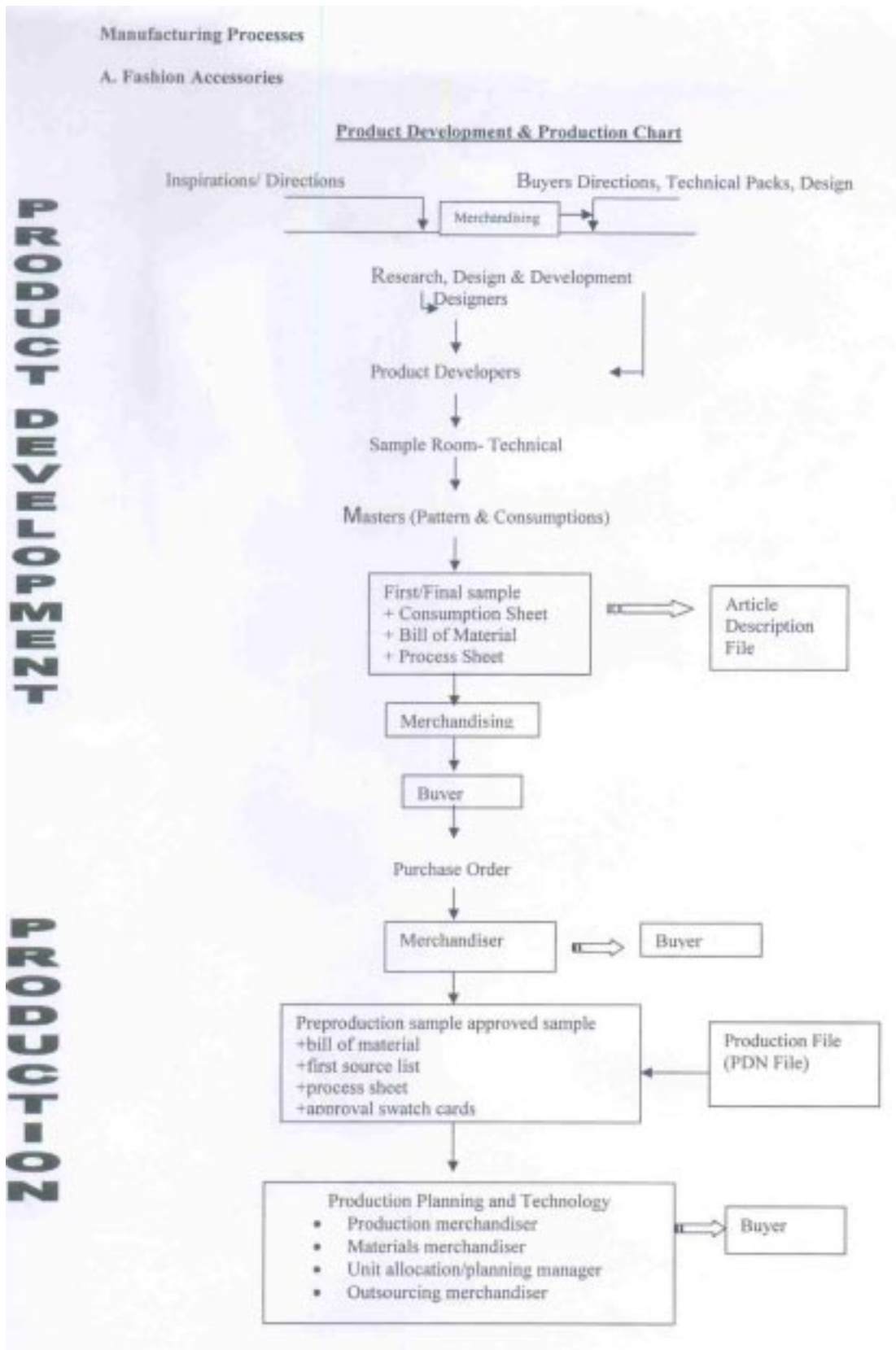
Insurer: TATA AIG General Insurance Company Limited

Policy Number	Period	Sum insured (Rs. in lakhs)	Premium (Rs. in lakhs)	Conveyance	Interests Insured
0830000725	April 28, 2006 to April 27, 2007	1138.20	0.10	By airfreight and/or by first class steamer and/or by covered road vehicle and or by closed railway wagon. From any load port in the world to Company's premises in Faridabad.	Consignment containing fabrics, trims, zippers, accessories and all other raw material used for manufacturing of garments and accessories.
0830000724	April 28, 2006 to April 27, 2007	150.00	0.13	By airfreight and/or by first class steamer and/or by covered road vehicle and or by closed railway wagon. From Company's premises in Faridabad to anywhere in the world on warehouse to warehouse basis in respect of CIF shipments and until placed on board overseas. Vessel in respect of FOB/ C&F shipments thence extended to cover seller's risk till port of discharge as per seller's interest clause. In respect of road shipments to Nepal and/or Bangladesh cover shall terminate upon the Insured Cargo crossing the Indian border. In respect of shipments to African Countries cover shall terminate at the discharge port.	Consignment containing Garments and accessories.

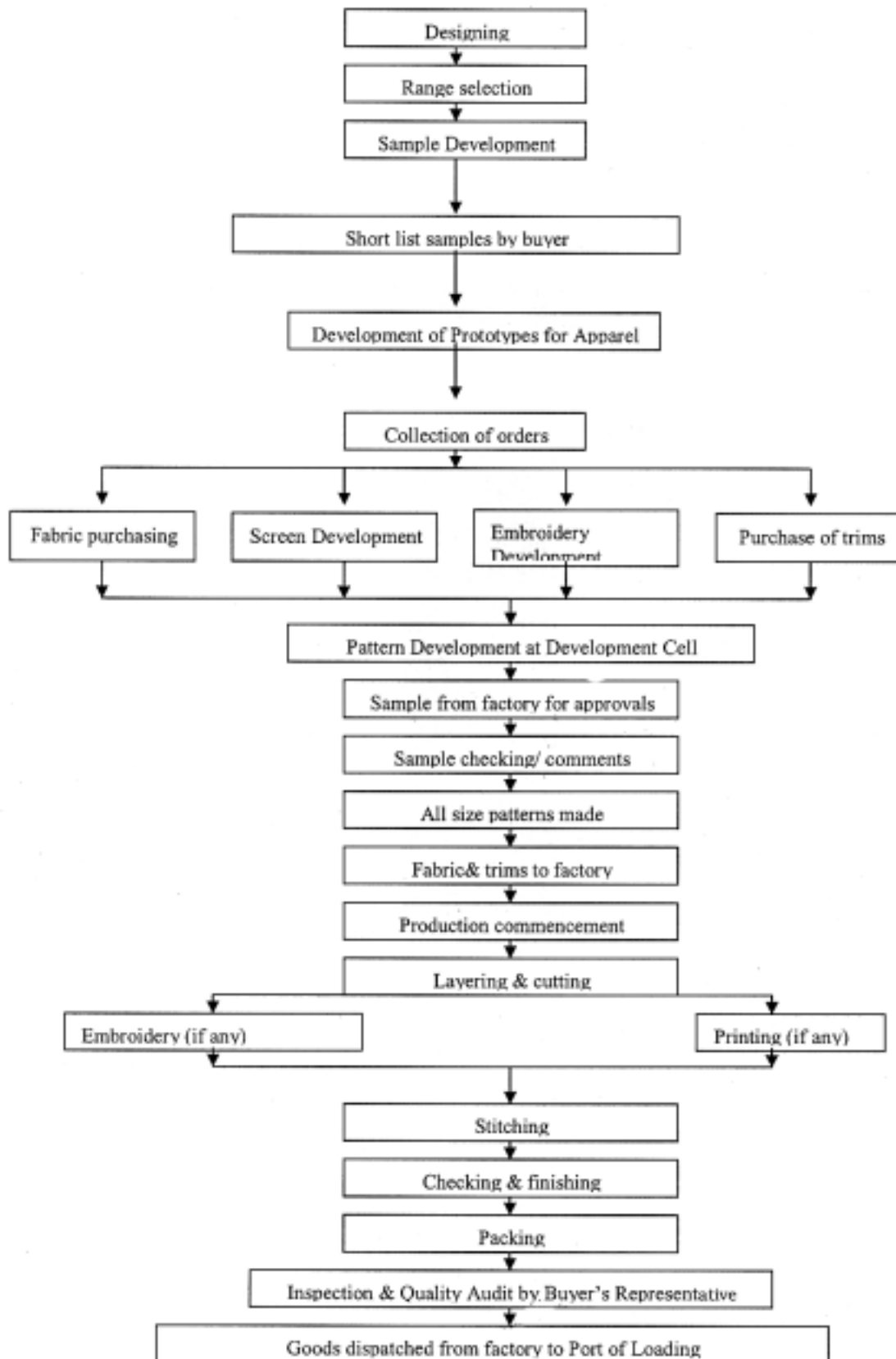
• Money Insurance

Insurer	Policy Number	Period	Sum insured	Premium	Risk Description
National India Insurance Company Limited	354002/48/06/07/0000338	December 22, 2006 till December 21, 2007	180.00	0.04	Money for payment of wages, salaries and other earning for petty cash in transit from the Bank to the Company's premises
National India Insurance Company Limited	354002/48/06/07/0000339	December 22, 2006 till December 21, 2007	5.00	0.02	Cash in Box
National India Insurance Company Limited	354002/46/06/04/0000301	August 25, 2006 till August 24, 2007	5.00	0.02	Cash in Safe lying at Khasra No. 43, Sector-45, Mewla Maharaj Pur, Faridabad, Haryana 121 001
National India Insurance Company Limited	354002/48/06/07/0000187	August 18, 2006 till August 17, 2007	300.00	0.06	Cash Government Currency Notes from Bank of India Faridabad, Standard Chartered Bank, New Delhi, ICICI Bank, Faridabad to Factory and vice versa in Bags by Factory's car and down scooter within 50 KM

Manufacturing Processes



**B. Apparel manufacturing process flow chart**



**Present Marketing Set-up**

The Company's marketing division is led by Mr. Rajeev Taneja, Managing Director. He has over 15 years of experience in export of accessories and garments. He enjoys excellent relationships with buyers and merchandisers of leading international brands.

Mr. Rajeev Taneja is assisted by 22 persons in the marketing and merchandising department of the company. The marketing department of our Company, with four senior employees along with eighteen merchandisers, is responsible for keeping track of the buyers requirements and fashion trends. The Company caters to approximately 15 customers for exports and 10 domestic customers. The task of the department is to co-ordinate between the customers and the company's manufacturing and dispatch sections to ensure timely and efficient execution of the orders.

**Purchase of Property**

Except as stated in section titled Objects of the Issue in this Red Herring Prospectus, on page 16 there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which: -

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material; or
- Disclosure has been made in this Red Herring Prospectus on page 16

Except as stated in the section titled Related Party Transactions on page 71 of this Red Herring Prospectus, we have not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

**Indebtedness**

The company at present is enjoying following term loan and working capital facilities from the Bank of India, vide their sanction letter dated March 15, 2005, details of which are as under:-

Particulars	Limit Sanctioned	Margin	Drawal Limit	Outstanding as on December 31, 2006	Rate of Interest / charges
<b>Fund Based:</b>					
1.Export Packing Credit	400.00	15%	400.00	392.31	As applicable
2.Foreign Bill Purchase	150.00		-	0.00	As applicable
Maximum limit (1+2)	400.00		-	392.31	
3.Working Capital Demand Loan	40.00		-	0.00	BPLR with monthly rests
					Repayable on 01.06.2005
<b>Non Fund Based:</b>					
4.LC- Imports	200	15%	75.00	54.65	As applicable
5.LC-Inland	75	15%	-	11.77	As applicable
6.Guarantee Issued	125.00	15%	125.00	87.23	
Maximum limit (4+5+6)	200.00		200.00	-	

**Security of Term Loan and Working Capital facilities****Primary Security**

Working Capital: Hypothecation of Stocks & Book Debts

Term Loan: Hypothecation of Machinery

**Collateral Security**

Equitable Mortgage of following Properties

S. No.	Property owned by	Location
1.	Ravitech Global Private Limited	16/1, Mathura Road, Faridabad
2.	Mr. T.D. Taneja	463, Sector-15A, Faridabad, Haryana
3.	Evinix Consolidated	43, Mewla Maharajpur, Faridabad
4.	Mr. Rajeev Taneja & Mr. Sanjay Taneja*	404P, Sector-21B, Faridabad, Haryana
5.	Evinix Accessories Limited	Wheresoever situated

\* Partners of erstwhile firm "Evinix Consolidated"

#### Guarantee

All fund based and Non Fund based facilities is guaranteed (Joint and Several guarantee) by

S. No.	Name of Guarantors
1.	Mr. P.C. Kathuria
2.	Mr. Rajeev Taneja
3.	Mr. Sanjay Taneja
4.	Mr. T.D. Taneja
5.	Ravitech Global Private Limited
6.	Mrs. Anuradha Taneja
7.	Evinix Consolidated
8.	Mrs. Indu Taneja

#### Details of sanctions received from Standard Chartered Bank

Our company has been sanctioned following loan/limits for additional requirement by Standard Chartered Bank, Barakhamba Road, New Delhi vide letter dated April 20, 2006

#### Limit 1: Over draft facility of Rs 850 Lacs for working Capital with following sub limits

Limit	Limit Type	Outstanding as on December 31, 2006	Description	Tenor	Pricing/Interest
Rs 500 Lacs	Working Capital Demand Loan	-	To finance working capital requirements	Max 180 days	As negotiated
Rs 500 Lacs	Pre Shipment Advance in INR or FYC	-	For purchase of raw materials and equipment required for processing, trading and export of goods	Upto 180 days	As negotiated
Rs 500 Lacs	Post Shipment Advance in INR or FYC	-	Finance against export lease	Max 180 days	As negotiated
Rs 300 Lacs	Sales Invoice Discounting	-	For financing sales to company's domestic buyers	Upto max 90 days	As negotiated
	Max. 850 Lacs for above four limits.	851.53 Lacs			
Rs 300 Lacs	Letter of Credit (Goods not controlled)		Issuance of irrevocable letter of credit in INR or FCY, covering local and import purchase or raw materials/stores/spares/other trade related goods/capex	Validity plus usance cannot exceed 360 days	As negotiated
Rs 100 Lacs	Guarantee	50.00	Financial and non financial guarantees favouring customs, excise, sales tax registration and other body corporate. Tender, Performance bonds, bid bonds, trade related bonds as per statutory format/tenors	Not exceeding one year	As negotiated

**Limit 2: Other Limit: Rs 200 Lacs with following sub limits\***

Limit	Limit Type	Outstanding as on December 31, 2006	Description	Tenor	Pricing
Rs 200 Lacs	Letter of credit (Goods not controlled)	NIL	Issuance of irrevocable letter of credit in INR or FCY covering local and import of purchases of raw materials/stores/spares/ other trade related goods/ capex.	Validity plus usance not to exceed 360 days	As negotiated
Rs 200 Lacs	Guarantee	NIL	Non Financial guarantees, Tender, Performance bonds, bid bonds, trade related bonds as per statutory format/tenors	Not exceeding one year	As negotiated

\* Sanctioned limits but not yet availed

**Limit 3: Term Loan: Rs 250 Lacs with following sub limits\***

Limit	Limit Type	Outstanding as on December 31, 2006	Description	Tenor	Pricing
Rs 250 Lacs	Term Loan	NIL	Rupee Term Loan to finance capex requirement	Not exceeding 36 months, to be repayable in 10 equal quarterly installments of INR 2.5 mn each payable after a moratorium period of 6 months	As negotiated
Rs 250 Lacs	Letter of credit	NIL	Issuance of irrevocable letter of credit in INR or FCY covering local and imported capex	Validity plus usance not to exceed 360 days	As negotiated

\* Sanctioned limits but not yet availed

**Security summary**

Type: First Pari Passu Hypothecation Charge over stocks and book debts of the company

- Exclusive first charge on entire fixed assets of the company
- Equitable mortgage over immovable property located at D-19, Ramashraya, Khasra No 43, Sector 45, Mewla Maharajpur, Faridabad-121003 in the name of the company.
- Second Pari Passu charge on the current assets of the company
- Personal Guarantee of: Mr. Rajeev Taneja
- Corporate Guarantee of M/s Ambros Export Private Limited

Both Bank of India and Standard Chartered Bank have given their consent for this Public Issue vide their letters dated April 12, 2006 and May 22, 2006 respectively.

**Intellectual Property**

Our company is using following trademarks registered in the name of erstwhile firm "Evinix Consolidated" merged with us. We are in the process of getting the amendment in registration.



S. No.	Description	Class	Product description	Particulars	Status
1	Evinix	18	Leather and imitation of leather articles made from these materials, skins, hides, trunks and traveling bags, Umbrellas, parasols and walking stick, whip harness and saddlery	Registration No. 717686	Trademark is registered and the trade mark is registered for a period of 10 years from the date of application i.e. June 5, 1996 and may be renewed for a further period of 10 years
2.	XSESRYZ	24	Suiting and Shirting, Bed and Tables, Dhoties Sarees and Dress Material, Lohies and Shawls, Towels Napkins, Handkerchief, Textile Piece goods.	Registration No. 1123368	Trademark is registered and the trade Mark is registered for a period of 10 years from date of application i.e. August 1, 2002 and may then be renewed for a further period of 10 years.
3.	XSESRYZ	28	Sporting, articles, Toys, Golf Balls, Gymnastic Articles	Registration No. 1123370	Trademark is registered and the trade Mark is registered for a period of 10 years from date of application i.e. August 1, 2002 and may then be renewed for a further period of 10 years.
4.	XSESRYZ	18	Articles made from leather or imitation leather traveling bags, brief cases, vanity bags, purses, wallets, beauty cases, trunks, leather and imitations of leather and articles made from these materials and not included in other classes skins, holders, trunks and traveling bags.	Registration No.1123367	Trademark is registered and the trade Mark is registered for a period of 10 years from date of application i.e. 01/08/2002 and may then be renewed for a further period of 10 years.
5.	XSESRYZ	25	Articles made form hosiery, readymade garments, footwear, shoes, slippers, hawai chappals, soles and straps, shirts, trousers, vests, banians, socks, underwears, ladies undergarments, dbras, panties, children garments uniforms	Registration No.1123369	Trademark is registered and the trade Mark is registered for a period of 10 years from date of application i.e. August 8, 2002 and may then be renewed for a further period of 10 years.

#### Export Obligations

The company's KH-43, Sector-45, Faridabad unit is a 100% EOU unit. Under the EOU scheme and the SEZ scheme of the Foreign Trade Policy 2004-09, the company is required to fulfil certain export obligations. Under the present Foreign Trade Policy 2004-09, as per the EOU Scheme and the SEZ scheme the export obligation to fulfil for an EOU or an SEZ is to maintain a positive Net Foreign Exchange Earnings ("NFE"). Positive NFE shall mean  $A - B > 0$  where A is the FOB value of exports of the EOU/SEZ and B shall be the sum total of the CIF value of imported inputs, imported capital goods and value of all payments made in the foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings during the first five years or any other charges.

The statutory auditor of our company M/s A.S Patwa has certified that we have complied with all EOU provisions under EOU scheme. Our NFE achieved since grant and license under EOU scheme:-

Year	Export	Import			NFE (%)
		Capital Goods	Raw Material	Total	
2002-03	1093.49	14.22	369.04	383.26	64.95
2003-04	538.49	-	54.92	54.92	89.90
2004-05	759.55	30.91	95.00	125.91	83.42
2005-06	1453.67	0.46	212.08	212.54	85.38
1.4.06 to 30.9.06	360.42	-	45.13	45.13	87.48
<b>Total</b>	<b>4205.62</b>	<b>45.59</b>	<b>776.17</b>	<b>821.76</b>	

**Competition**

Our Company faces competition mainly from unorganized sector and to some extent from other companies in similar line of activities domestically. The overseas competition is amongst exporters of top five clothing suppliers viz. China, Turkey, Mexico, India and Bangladesh. for exports in the quota free regime. These countries have advantageous position in regards to cost efficiency because of the low labour costs. Among the top five clothing suppliers, only China and India do not have preferential access to the major markets and still these two countries compete effectively and hold No. 1 and 2 positions in the global textile and apparel market.

Both United States of America and Europe account for major purchases of textiles and apparel by these manufacturers.

Comparison of exports to United States of America and Europe by these supplier countries is as follows:

<b>Export Growth in United States Market (2005 Vs 2004)</b>	
India	25%
Bangladesh	50%
Pakistan	13%

<b>Export Growth in Europe Market (2005 Vs 2004)</b>	
India	18%
China	42.80%
Bangladesh	(13)%
Pakistan	(5)%

(Source: Apparel Fortnightly, December 1 – 15, 2006)

The company proposes to meet this competition by full use of machines and manpower simultaneously. The company also plans to cope up with competition by developing latest designs by reducing lead period and product flexibility in the quantity. The company needs to meet the competition by creating a differentiation in the product range and it believes that it has geared itself to face the competition by setting up all manufacturing facilities related to the accessories manufacturing.

## REGULATIONS AND POLICIES

The Ministry of Textiles, Government of India is responsible for policy formulation, planning, development, export promotion and trade regulations of the textile industry. These include all natural and man-made cellulosic fibers that go into the making of textiles, clothing and handicrafts.

**The following are the major initiative taken to encourage investment in the textile sector:**

**National Textile Policy 2000** : Perceiving the role of the Textile Industry in providing one of the most basic needs of people and taking note of the new challenges and opportunities presented by the changing global environment, the Government of India formulated the National Textile Policy 2000. The salient features of the policy are:

- Facilitate the Textile Industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing;
- Equip the Industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
- Enable the industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, The policy endeavours to achieve the target of textile and apparel exports from the present level of US \$ 11 billion to US \$ 50 billion by 2010 of which the share of garments will be US \$ 25 billion.

(Source: www.texmin.nic.in )

### Technology Upgradation Fund Scheme (TUFS)

Technology Upgradation Fund Scheme is the first of its type in any industry specific financing for modernization and technology upgradation. Gol launched TUFS on April 1, 1999 for a period of five years. Operation of this scheme was further extended upto march 31, 2007. TUFS is intended to be a focal point for modernization efforts through technology upgradation in the Indian textiles industry and has an objective of making available adequate capital from banks and financial institutions for modernization at internationally comparable rate of interest and it provides a 5% reimbursement of interest actually charged by the identified financial institution on the sanctioned projects.

### SCHEME FOR INTEGRATED TEXTILE PARKS

The "Scheme for Integrated Textile Parks (SITP)" is launched by merging the existing two schemes namely, the Scheme for Apparel Parks for Exports (APE) and the Textile Centre Infrastructure Development Scheme (TCIDS).

One of the main purposes of introducing the SITP is to provide the industry with world-class infrastructure facilities for setting up their textile units. The scheme would facilitate textile units to meet international environmental and social standards.

SITP would create new textile parks of international standards at potential growth centres by 2007-08. This scheme is based on Public-Private Partnership (PPP) and envisages engaging of a professional agency for project execution.

### Advance Licensing Scheme

With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

### Duty Drawback Scheme

The exporters are allowed refund of the excise and import duty suffered on raw materials under the scheme so as to make the products more competitive in the international market.

### Environmental Regulations:

We are subject to Indian laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during our manufacturing processes. The principal environmental regulations applicable to industries in India are the Water (Prevention and Control of Pollution) Act, 1974, the Water Access Act, 1977, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986.

Further, environmental regulations require a company to file an Environment Impact Assessment ("EIA") with the State Pollution Control Board ("PCB") and the Ministry of Environment and Forests ("MEF") before undertaking a project entailing the construction, development or modification of any plant, system or structure. If the PCB approves the project, the matter is referred to the MEF for its final determination. The estimated impact, which a project would have on the environment, is carefully evaluated before granting clearances. When granting clearance, conditions can be imposed and the approving authorities can direct variations to the proposed project.

The PCB located across the States monitors compliance with applicable environmental regulations. No industrial or productive facility may operate without a valid authorisation from the local PCB office. PCBs routinely inspect industrial and productive facilities, to monitor compliance with applicable environmental standards and regulations, including the provisions of the Water Act and the Water Access Act. The PCBs are also empowered to grant authorisation for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

Violations of relevant environmental regulations are punishable by monetary fines and imprisonment for company officers and controlling persons. We have established water and air pollution control systems at our washing plant. Our environmental compliance program is administered internally by our operations & administration department and includes monitoring, measuring and reporting compliance, establishing safety programs and training our personnel in environmental and safety matters.

#### **Foreign Investment Regulations**

The new industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently, the industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment. In subsequent years, the Government has further liberalized the foreign investment regime.

#### **Customs Regulations**

All imports to the country or exports from the country are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from excise duty, by notification.

## OUR HISTORY AND CORPORATE MATTERS

### History

The company was incorporated on May 1, 1996 as Evinix Fashion Accessories Private Limited under the Companies Act, 1956 and registered with Registrar of Companies, N.C.T of Delhi and Haryana, Delhi. EAL was originally promoted by Mr. Rajeev Taneja and Mrs. Anuradha Taneja. Our Company started manufacturing activity of fashion accessories at 37, DSIDC Scheme I, Okhla Phase II, New Delhi. Later in 1996, Mr. P. C. Kathuria joined as a promoter. Subsequently, in 2000, Mr. Sanjay Taneja, brother of Mr. Rajeev Taneja, joined the Company as a Promoter replacing Mrs. Anuradha Taneja, who disassociated herself from the company. The name of our company was changed to Evinix Accessories Private Limited vide fresh Certificate of Incorporation dated March 20, 2003. In March 2005, M/s Ambros Exports Private Limited took equity stake in the company by way of purchasing a part of the equity holding of Mr. Rajeev Taneja and Mr. Sanjay Taneja. Mr. P. C. Kathuria disassociated himself from the company in March 2005.

On April 1, 2005, our company entered into a partnership with Evinix Consolidated, a Partnership Firm having Mr. Rajeev Taneja and Mr. Sanjay Taneja as its two partners. The partnership subsisted upto April 30, 2005 as other two partners resigned and on May 1, 2005, the partnership was dissolved and our company became the Proprietor of the firm. Evinix Consolidated was formed as a Partnership firm between Mr. Rajeev Taneja and Mr. Sanjay Taneja in year 1997, to undertake supply of Readymade Garments and Fashion Accessories exclusively to Indian customers. The firm was undertaking trading & job work activities. Since year 2001 it undertook manufacturing activities also at its premises. It is now a unit of Evinix Accessories Limited.

Our company was converted into a Public Limited Company vide fresh Certificate of Incorporation dated February 3, 2006 under the name of EVINIX ACCESSORIES LIMITED. The current promoters of the company are Mr. Rajeev Taneja, Mr. Sanjay Taneja and M/s Ambros Exports Private Limited. The promoters of the company are well qualified and have experience of more than 15 years in the fashion and textile industry.

Our Company was originally incorporated with the object of development and manufacturing of Headgears, Base Ball Caps and High Altitude Jackets using cotton textile and synthetic leather. In 1998 company started manufacturing and exporting fashion bags, travel bags, school bags, wallets, belts and scarves, additionally catering to various overseas buyers. Further expansion was undertaken in year 2000 and we started exporting to GAP, U.S.A, J.Crew, U.S.A, Country Road, Liz Claiborne, Kookai, Marks & Spencer, UK etc. The Company has been continuously adding new products and new buyers in the Fashion Accessories segment. These are presently being produced at two factories with in-house facilities for fabrication, washing and embroidery.

In the F.Y 2002-03 and 2003-04, the company suffered losses due to cancellation of orders in wake of Iraq war by the buyers. The net worth of the company became negative as on March 31, 2004. However the company regained positive net worth in F. Y 2004-05 with total income of Rs 2901.24 Lakhs and PAT of Rs 373.76 Lakhs. In the F.Y 2005-06 our Company has earned profit after tax of Rs. 590.61 Lakhs on total income of Rs. 4856.07 Lakhs.

The Registered and corporate office of our Company is situated at KH-43, Sector 45, Mewla Maharajpur, Faridabad 121003, Haryana.

### Milestones

YEAR	MILESTONES
1996-97	Commenced operations with imported specialized machinery for base ball caps manufacturing and embroidery Commenced Exports of Base Ball Caps to USA
1997-98	Started Manufacturing & Supply of Sports bags. Commencement of Export of Sports Bags to USA. Started Export of Caps to Middle East.
1998-99	Capacity expansion undertaken with setting up of a factory in Faridabad.
2000-01	Conversion of existing facility at Faridabad into 100% EOU. Expansion at Faridabad Unit to manufacture Cotton Canvas Bags.
2001-02	Commencement of Manufacture & Exports of Babies and Kids Accessories. Awarded Silver Trophy, the second highest award in the 100% EOU/EPZ- Made-ups category for determined marketing and promotional efforts that led to cotton made-ups exports of over Rs. 5 crores (for outstanding export performance in the year 2001-02) by TEXPROCIL, The Cotton Textiles Export Promotion Council, India.
2002-03	Commenced export of Leather Belts
2003-04	Commenced production and exports of Leather Handbags and Wallets
2005-06	Creation and Setup of Design Studio Entered into an Trademark Licensee agreement with Gini & Jony Merger of Evinix Consolidated in the company.

**Main Objects of the Company**

The main objects of the Company as set out in the Memorandum and Articles of Association of the Company are as follows:

**MAIN OBJECTS AND BUSINESS**

EAL is enabled by Clause III (A) of its Memorandum of Association to undertake any or all of the following Main Objects:

**The main objects for which the company is established are as under:-**

1. To carry on the business of fabricators, processors, traders, exporters, importers distributors, dealers, repairers or otherwise deal in all kinds of fashion and sports accessories, industrial garments, garments, shoes, cloth embroidery, labels and patches.
2. To carry on the business of letting of the fabricating, embroidery machines on hire/lease/job work basis.
3. To carry on all kind of agency business, including that of clearing agents, Freight Contractors, steamer agents, forwarding agents, Licensing agents and General problems.
4. To establish and run data processing computer centers to Industrial Business and other type of customers and to impart training on Electronic Data Processing Computer software & Hardware to the customers and to become General order Supplier of all kind of goods.
5. To carry on business as advisors, consultants on all matters and problems relating to Tech-Industries, Civil, Administration, Finance and Organization, Management Expansion, Diversification, Purchasing Techniques, Construction of Plants and Buildings Production, Control, Marketing, Advertisement, Publicity, Personnel, Scientific Research and Development.
6. To subscribe for, take or otherwise acquire and hold shares, stock, debentures, or other securities of any other company.
7. To acquire and undertake the whole or any part of the business property and liabilities of any person or company carrying on or proposing to carry on any business which the company is authorized to carry on or processed of property suitable for the purpose of the company or which can be carried on in conjunctions therewith or which is capable of being conducted, so as directly or indirectly to the benefit of the Company.
8. To carry on the business of manufacturing, buying, selling, importing, exporting, letting on hire and otherwise deal in all kind of sewing machines, cutting, stitching and button holding machines.
9. To carry on business of or relating to information technology, telecommunications, satellite, internet, networking, e-commerce, computer development of software and hardware data system including R&D, designing, patenting or otherwise developing, new processes and systems providing solutions.
10. To carry on in Indian Publishing of music, copying, Commissioning, duplicating, processing, production, programming, recording, transferring and issue of software programs, to organize live shows of music and recording of the show thereof.

The Main objects clause of the Memorandum and Association of the Company enables the Company to undertake the activities for which the funds are being raised for the present issue and also the activity, which the Company has been carrying till the date.

**Changes in the Memorandum of Association**

Since incorporation of our Company, the following changes have been made in the Memorandum of Association:

<b>Amendment</b>	<b>Date of Amendment</b>
Increase in authorized capital to Rs 30 Lakhs	August 8, 1996
Increase in authorized capital to Rs 55 Lakhs	February 2, 1998
Increase in authorized capital to Rs 75.00 Lakhs	July 25, 2001
Change in the Object clause (Addition)	November 18, 2002
Name Change from Evinix Fashion Accessories (P) Limited. to Evinix Accessories (P) Limited	March 20, 2003
Shifting of Registered Office from one state to another	September 28, 2004
Increase in authorized capital to Rs 600.00 Lakhs	April 1, 2005
Increase in authorized capital to Rs 1100.00 Lakhs	September 1, 2005
Change of Status to Public Limited as Evinix Accessories Limited	February 3, 2006

**Changes in Registered Office of the company since inception**

<b>S.no</b>	<b>Address</b>	<b>Effective Date</b>
1	122-129 Suraj Apartments, Suraj Kund Road, New Delhi, India.	May 1, 1996
2	37, DSIDC Scheme – I, Okhla Industrial Area, Phase II, New Delhi 110020, India	May 1, 1998
3	KH 43 Sector 45, Mewla Maharajpur, Faridabad, Haryana – 121003, India.	September 28, 2004

**Subsidiaries of the Company**

The Company does not have any subsidiary.

**Strategic Partners**

At present, the Company does not have any strategic partners

**Financial Partners**

At present, the Company does not have any financial partners.

**Shareholders Agreements**

At present the company is not involved in any shareholder's agreement

**OUR MANAGEMENT****Board of Directors**

Under our Articles of Association, we cannot have less than three and more than twelve directors. We currently have six directors.

The following table sets forth current details regarding our Board of Directors:-

<b>Name, Designation, Father's Name, Address, Occupation</b>	<b>Age</b>	<b>Date of Appointment and Term</b>	<b>Other Directorships</b>
<b>Mr. Rajveer Taneja</b> <b>Managing Director</b> S/o Sh. T.D Taneja H. No. 218, Sector 21 B, Faridabad Haryana-121007 Industrialist Non Independent Executive Promoter Director	46	May 1, 1996	Nil
<b>Mr. Sanjay Taneja</b> <b>Director-Operations (WTD)</b> S/o Sh. T.D Taneja H. No. 218, Sector 21 B, Faridabad Haryana-121007 Industrialist Non Independent Executive Promoter Director	39	April 1, 2000	Nil
<b>Mr. A. K Singhal</b> <b>Director-Finance &amp; Accounts (WTD)</b> S/o Late Sh. K.C Singhal A-7, First Floor, J.P Garden Estate, Mohan Nagar, Ghaziabad-201007 Service Non Independent Executive Director	55	March 31, 2006	Nil
<b>Mr. Saiyed Muzaffar Ishtiaque</b> <b>Director</b> S/o Late Sayed Ali Ishtiaque 26, Taxila, IIT Campus, Hauz Khas, New Delhi-16 Professor-Textile Technology Independent Non Executive Non Promoter Director	52	December 13, 2005	Nil
<b>Mr. Piyush Gupta</b> <b>Director</b> S/o Sh. Raj Kishore Gupta C-30, Geetanjali Enclave New Delhi –110017 Chartered Accountant Independent Non Executive Non Promoter Director	40	December 13, 2005	Nil
<b>Mr. Prashant Panda</b> <b>Director</b> S/o Sh. B.B Panda 133, Nitikhanda III Indrapuram, Ghaziabad Consultant Independent Non Executive Non Promoter Director	37	May 10, 2005	Nil



**Details of Directors****Mr. Rajeev Taneja, Managing Director**

For further details please refer to section titled "Promoters" on page no. 65 of this Red Herring Prospectus

**Mr. Sanjay Taneja, Director-Operations**

For further details please refer to section titled "Promoters" on page no. 65 of this Red Herring Prospectus.

**Mr. A.K.Singhal, Director-Finance & Accounts**

He is a Science Graduate, has more than 35 years of experience in Finance & Accounts, especially in the garments and textile industry. He has worked with Hindon River Mills - Dasana, a unit of DCM Sri Ram Industries Limited and also with Alps Industries Limited as Vice President - Accounts.

**Mr. Saiyed Muzaffar Ishtiaque, Director**

He is B. Tech from Kanpur University and has done Ph .D from University of Mechanical and Textile Engineering, Czech Republic. He is a professor in Department of Textile Technology, IIT Delhi since 1985.He has been involved in numerous industrial and research projects.

**Mr. Piyush Gupta, Director**

He is qualified Chartered Accountant and B.SC (Hons) Mathematics from Delhi University. He is a practising Chartered Accountant and presently partner in M/s Vinay Prakash & Co, Chartered Accountants, New Delhi. He has 17 years of experience in finance field.

**Mr. Prashant Panda, Director**

He is M. A in Public Administration and LL.B from Utkal University and also holds Post Graduate Diploma in Human Resource from IGNOU.He has 15 years of experience in the field of legal, secretarial and Banking specifically in the garments and textile industry. He is consultant to various companies.

**Borrowing Powers of the Board**

In respect of borrowing powers, Article 66 of the Company's Articles of Association provides "Subject to the provisions of Section 58A, 292 and 293 of the Act and regulations made through and directions issued by the RBI and of these Articles, the Board may, from time to time and at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance or calls or otherwise and raise or borrow or secure the payment of any sum or sums of money for the Company." See section titled "Main Provisions of the Articles of Association" on page no. 127 of the Red Herring Prospectus.

**Compensation of the Directors****Mr. Rajeev Taneja, Managing Director**

Mr. Rajeev Taneja has been appointed as the Whole Time Director and designated as Managing Director pursuant to board meeting held on December 13, 2005 and approved by shareholders vide resolution passed in Extraordinary General Meeting held on January 13, 2006 for a period of 5 years w.e.f December 13, 2005 to December 12, 2010, under the following terms and conditions:

- A) Salary : Rs 75000/- per month  
 Commission: At a rate to be determined by the Board of Directors each year  
 Provided further that the aggregate amount of remuneration payable to the appointee in a particular financial year will be subject to the overall ceiling limit laid down in section 198 to 309 of the Companies Act, 1956.
- B) Perquisites: As may be decided by the Board of Directors of the company from time to time
- C) Minimum Remuneration: In case of no profits or inadequate profits in the company, the minimum remuneration shall not exceed the ceiling limit specified under section II of Part II of Schedule XIII of the Companies Act

**Mr. Sanjay Taneja, Director-Operations**

Mr. Sanjay Taneja has been appointed as the Whole Time Director and designated as Director-Operations pursuant to board meeting held on December 13, 2005 and approved by shareholders vide resolution passed in Extraordinary General Meeting held on March 10, 2006 for a period of 5 years w.e.f Decembert 13, 2005 to December 12, 2010,under the following terms and conditions:

- A) Salary : Rs 75000/- per month  
 Commission: At a rate to be determined by the Board of Directors each year  
 Provided further that the aggregate amount of remuneration payable to the appointee in a particular financial year will be subject to the overall ceiling limit laid down in section 198 to 309 of the Companies Act, 1956
- B) Perquisites: As may be decided by the Board of Directors of the company from time to time
- C) Minimum Remuneration: In case of no profits or inadequate profits in the company, the minimum remuneration shall not exceed the ceiling limit specified under section II of Part II of Schedule XIII of the Companies Act.

#### **Mr. A.K Singhal, Director-Finance & Accounts**

Mr. A. K Singhal has been appointed as the Whole Time Director and designated as Director-Finance and Accounts pursuant to board meeting held on March 31, 2006 and approved by shareholders vide resolution passed in Extraordinary General Meeting held on May 4, 2006 for a period of 5 years w.e.f March 31, 2006 to March 30, 2011, under the following terms and conditions:

- A) Salary: Rs 50000/- per month  
 Commission: At a rate to be determined by the Board of Directors each year  
 Provided further that the aggregate amount of remuneration payable to the appointee in a particular financial year will be subject to the overall ceiling limit laid down in section 198 to 309 of the Companies Act, 1956
- B) Perquisites: As may be decided by the Board of Directors of the company from time to time
- C) Minimum Remuneration: In case of no profits or inadequate profits in the company, the minimum remuneration shall not exceed the ceiling limit specified under section II of Part II of Schedule XIII of the Companies Act

#### **Corporate Governance**

The provisions of the listing agreement to be entered into with the stock exchanges with respect to corporate governance will be applicable to the Company immediately upon listing of our Company's equity shares on the stock exchanges. The Company has already initiated steps to comply with the requirements of Corporate Governance guidelines issued by SEBI.

The Board of Directors of the Company comprises of Six Directors, of which three are Independent Directors. The Company has also constituted the various committees viz. Audit Committee, Remuneration Committee and Shareholders' Investor Grievance cum Share Transfer Committee.

Further, the Company undertakes to comply with all the other requirements of the SEBI Guidelines on Corporate Governance as may be applicable to the Company upon listing of its equity shares.

#### **Committees of the Board**

##### ***Audit Committee***

The terms of reference of Audit committee comply with the requirements of clause 49 of the listing agreement to be entered into with the stock exchanges. The audit committee currently comprises of four directors as its members, with three of them being independent directors. All members of the Audit Committee are financially literate.

The Audit Committee consists of the following members:

1. Mr. Piyush Gupta, Chairman
2. Mr. Saiyed Muzaffar Ishtiaque, Member
3. Mr. Prashant Panda, Member
4. Mr. A.K Singhal, Member

The role and functions of the Audit Committee flows from Section 292A of the Companies Act, 1956 which though not confined to, includes the following:

1. To review financial reporting process.
2. To recommend appointment of Statutory Auditors.
3. To review quarterly and annual financial statements.
4. To review internal audit functions and internal control systems.
5. To review findings of any internal investigations in respect of any irregularity or fraud etc.
6. To review reasons for substantial defaults in payments to depositors, shareholders, creditors etc.
7. To review functioning of whistle blower policies.
8. To seek any information from any employee.
9. To obtain outside legal and professional advice.
10. To secure attendance of outsiders with relevant expertise, if it considers it necessary.

Mr. Dinesh Garg, Company Secretary of the Company acts as Secretary to the Audit Committee.

**Remuneration Committee**

The terms of the remuneration committee are to decide the remuneration of the managing director and whole time directors of our Company and recommend the same to the board for its implementation. The committee currently comprises of four members, three of them being independent directors.

The Remuneration Committee meets as and when required to review/ revise or modify the remuneration policy and the remuneration of the whole-time Directors. The Remuneration Committee consists of the following members:

1. Mr. Saiyed Muzaffar Ishtiaqe, Chairman
2. Mr. Piyush Gupta, Member
3. Mr. Prashant Panda, Member
4. Mr. A.K Singhal, Member

Mr. Dinesh Garg, Company Secretary of the Company acts as Secretary to the Remuneration Committee.

**Shareholders' Investor Grievance cum Share Transfer Committee**

This Committee looks after the Shareholders' / Investors' Grievance and redressal of Investor's / Shareholders complaints related to transfer of shares, non-receipt of Balance Sheets, approval of issue of duplicate share certificates etc and to approves and registers transfer and or transmission of shares. It also ensures sub-division, consolidation and issuance of share certificates.

The Shareholders' Investor Grievance cum Share Transfer Committee consists of the following members:

1. Mr. Prashant Panda, Chairman
2. Mr. Saiyed Muzaffar Ishtiaqe, Member
3. Mr. Piyush Gupta, Member
4. Mr. A.K Singhal, Member

Mr. Dinesh Garg, Company Secretary of the Company acts as Secretary to the Shareholders' Investor Grievance cum Share Transfer Committee.

**Shareholding of the Directors in the Company**

The Articles of Association do not require the directors to hold any qualification shares. The present shareholding of Directors is detailed below:

Sr. No	Name	No. of shares	% of Issued Capital
1.	Mr. Raujeev Taneja	11,18,000	15.53%
2	Mr. Sanjay Taneja	11,18,000	15.53%
3	Mr. A.K Singhal	Nil	0
4	Mr. Saiyed Muzaffar Ishtiaque	Nil	0
5	Mr. Piyush Gupta	Nil	0
6	Mr. Prashant Panda	Nil	0

**INTEREST OF DIRECTORS / PROMOTERS**

All the Directors of Evinix Accessories Limited may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association. All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and/or their friends and relatives in-- Evinix Accessories Limited, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees.

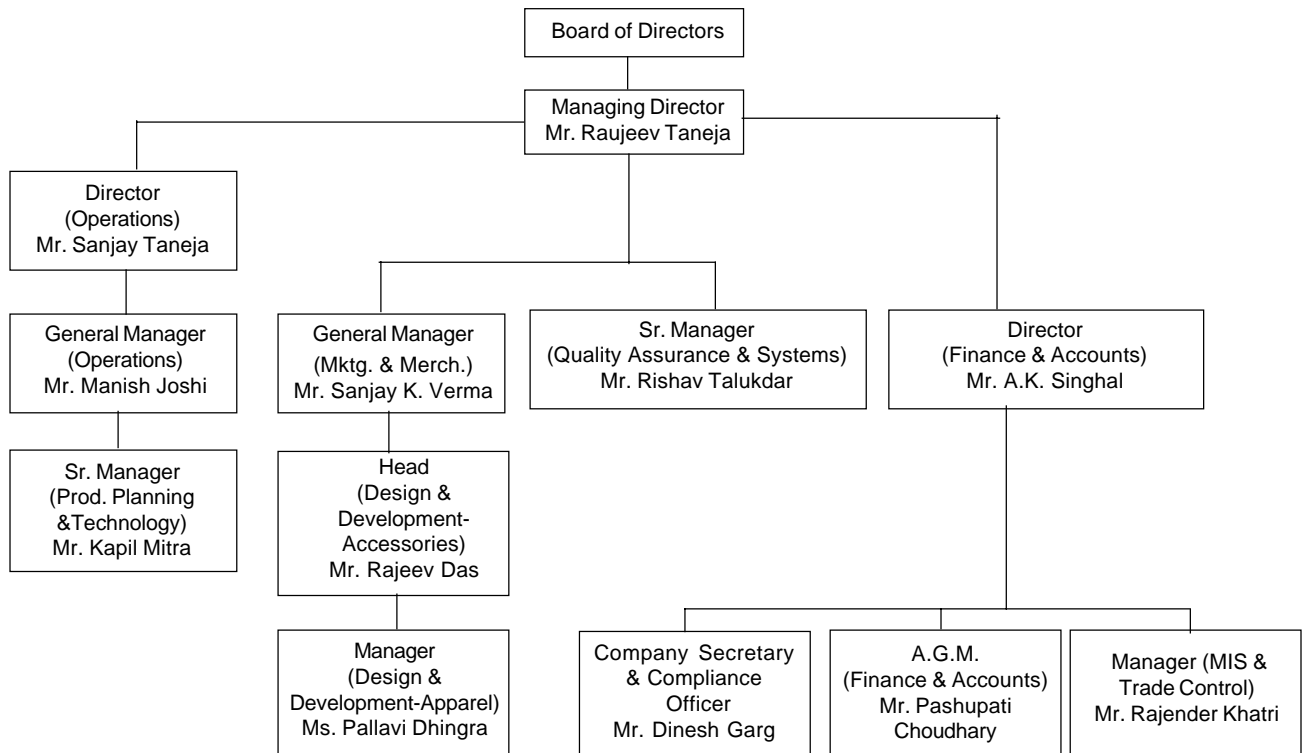
All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

**Changes in Directors during the last three years**

S. No	Name	Date of Appointment	Date of Cessation	Reason
1	Mr. A.K Singhal	March 31, 2006	-	Appointment
2	Mr. Piyush Gupta	December 13, 2005	-	Appointment
3	Mr. Saiyed Muzaffar Ishtiaque	December 13, 2005	-	Appointment
4	Mr. Prashant Panda	May 10, 2005	-	Appointment
5	Mr. S. M Gupta*	May 10, 2005	June 1, 2005	Resignation
6	Mr. Harish Agarwal*	May 10, 2005	June 1, 2005	Resignation
7	Mr. Puran Chand Kathuria	May 6, 1996	January 10, 2005	Resignation

\* Mr. S. M. Gupta and Mr. Harish Agarwal expressed their inability to devote sufficient time to the company to discharge their responsibilities as a director and hence they submitted their resignation. In our efforts to broad base the board of our Company with induction of persons with technical as well as financial skills and experience, we finally inducted Mr. Piyush Gupta, Chartered Accountant, and Dr. S. M. Ishtiaque, Professor with IIT Delhi in the textiles Department in December 2005.

**Management Organisation Structure**



**Key Managerial Personnel**

Brief Biographies of our all Key Managerial Personnel other than our Executive Directors are given below. Please refer to sub-section "Details of Directors" on page no. 57 of this Red Herring Prospectus.

S. No	Name	Designation	Age (yrs)	Qualification	Date of joining	Exp yrs.	Previously employed	Present annual compensation (Rs. In lakhs)
1.	Mr. Sanjay Kumar Verma	G.M.(Marketing & Merchandising)	40	M.A.	May 1, 2006	20	World Fashion Exchange	10.00
2.	Mr. Manish Joshi	G.M.(Operations)	36	BE, MMS & Export Management	July 27, 2006	11	Triburg Sport Wear Pvt Ltd, New Delhi	12.00
3.	Mr. Rajeev Das	Head(Design & Development)	26	Diploma in Accessories (NIFT)	July 1, 2006	3.5	Nath Brother Exim International Ltd	6.00
4.	Mr. Dinesh Garg	Company Secretary	24	M.Com, ACS	December 20, 2005	03	ICA Infotech Pvt. Limited	2.04
5.	Mr.Kapil Mitra	Sr.Manager (Production Planning & Technology)	27	B.Com,GMT (NIFT)	February 8, 2006	05	Bizarre International	4.80
6.	Mr. Pashupati Choudhary	A.G.M(F&A)	37	M.Com	August 1, 2006	16	Hindustan Vacuum Glass Limited	3.90
7.	Ms. Pallavi Dhingra	Manager(Design & Development-Apparel)	24	BCA, FDIT (NIFT)	September 1, 2006	3.5	Designer-Manish Arora	4.20
8.	Mr. Rajender Khatri	Manager (MIS & Trade Control)	30	B.Com, ICWA	June 16, 2006	4	Tinna Oils & Chemicals Ltd	2.16
9.	Mr. Rishav Talukdar	Sr.Manager(Quality Assurance & Systems )	33	B.Tech (Textile Technology)	December 11, 2006	10.5	Richa Global Export (P) Ltd.	4.56

**Note:**

1. All the persons named as our Key Managerial Personnel are the permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. None of the above mentioned key managerial personnel are related to each other as per the term relative defined under Section 6 of the Companies Act, 1956.

**Brief Profile of Key Managerial Personnel:****Mr. Sanjay Kumar Verma**

Mr. Sanjay Kumar Verma, 40 years, comes with 20 years of professional experience out of which 17 years in Garment industry itself. During the course of his career in Garment industry he has handled as HOD, comprising diverse portfolio such as Product development, manufacturing, Marketing, Merchandising, Global Sourcing (fabrics & Trims) and Compliance which has given him a unique expertise where he can handle Client needs in a more effectively. He is designated as GM- Marketing & Merchandising.

**Mr. Manish Joshi**

Mr. Manish Joshi, 36 Years, is a Bachelor of Engineering and also holds a Post- Graduate Diploma in Export Management. He has more than 11 years of experience in the field of Garments and Textile Industry and has worked with Navro Exports (P) Ltd. He is appointed as a GM- Operations in our organization and is responsible for the operations of the NSEZ unit.

**Mr. Rajeev Das**

Mr. Rajeev Das, 26 years, designated as Head-Design & Development, is a graduate in "Lifestyle Product Design" from NIFT (Gandhinagar) and has completed two months industrial training with TITAN watches division, design department, (Bangalore). He was an empanelled designer to Development Commissioner of Handicrafts Ministry of Textiles, Delhi for 3 years and simultaneously was working as a freelancer for various companies and design studios.

**Mr. Dinesh Garg**

Mr. Dinesh Garg, Company Secretary, aged 24 years, is a Post Graduate in Commerce and also an Associate Member of the Institute of the Company Secretaries of India, having an experience of around 3 years in various fields. Mr. Garg heads the Secretarial and Legal Department of the Company. He joined the company in December 2005 and prior to Evinix Accessories Limited he was working with ICA Infotech Pvt. Limited.

**Mr. Kapil Mitra**

Mr. Kapil Mitra, Sr. Manager, 27 Years, Commerce Graduate from Lucknow University, CA Inter and has done GMT from NIFT, Bangalore having an experience of 5 years. He has worked with M/s. Fibre & Fabric International, Glorious Stylings and Bizarre International.

**Mr. Pashupati Choudhary**

Mr. Pashupati Choudhary, 37 years, is a post graduate with rank holder in Commerce having an experience of 16 years in the field of maintaining accounts & finance, audit, budgeting, cash-flow management, designing internal cost control and quality checks for various operational area like, inventory, purchase, sales & marketing, implementing compliance with accounting standards on receivable, payable, expenses & revenue. He is responsible for maintaining and finalization of accounts of our Company.

**Mr. Rajender Khatri**

Mr. Rajender Khatri, 30 years, designated as, Manager (MIS & Trade Control), is a graduate in Commerce from Delhi University and Cost Accountant from ICWA had completed 14 months Management training with Housing & Development Corporation and is having total experience of 4 years. He has worked with Tinna Oils and Chemicals Ltd. He is appointed as Manager (MIS & Trade Control) in our organization and is responsible for providing the information to the Management.

**Ms. Pallavi Dhingra**

Ms. Pallavi Dhingra, 24 years, designated as the Manager-Design & Development-Apparel, has graduated from "Fashion Design and Information Technology" department, NIFT (Delhi). She has a total experience of three and half years as designer. She started her career as an intern with PDD Department with TRIBURG (India) and has also worked with Shivam Global Apparels Pvt. Ltd. And with Designer-Manish Arora and Creative Impex.

**Mr. Rishav Talukdar**

Mr. Rishav Talukdar, 33 years, Sr. Manager (Quality Assurance & Systems) is a B.Tech (Textile Technology) from Technological Institute of Textile and Sciences having total experience of around ten years in Quality Control at various levels. Earlier he has worked with S. Kumar's Group of Industries, V&S Texnits, Maral Overseas Limited and Richa Kintwears.

**Shareholding of Key Managerial Personnel in the Company**

The key Management Personnel do not hold any shares in the Company at present.

**Bonus or Profit Sharing Plan for Our Key Managerial Personnel**

There is no bonus or profit sharing plan with our key managerial personnel save and except the bonus paid under the Payment of Bonus Act, 1972 to the key managerial personnel.

**Interest of Key Managerial Personnel**

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the 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.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the Key Managerial Personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

**Changes in the Key Managerial Personnel during the last 12 months for existing Business**

S. No.	Name	Designation	Date of Appointment	Date of ceasing	Reasons
1.	Mr. Sanjay Kumar Verma	G.M.(Marketing & Merchandising)	May 1, 2006	-	Appointed
2.	Mr. RajeevBainwala	DGM (Finance & Accounts)	December 23, 2005	November 20, 2006	Resigned
3.	Mr. Rahul Vora	GM Domestic Marketing	December 23, 2005	April 12, 2006	Resigned
4.	Mrs. Mandira Mohan	A.G.M (Research, Design & Development)	January 22, 2006	August 19, 2006	Resigned
5.	Mr. Kapil Mitra	Sr. Manager(Production Planning& Technology)	February 8, 2006	-	Appointed
6.	Mr. Dinesh Garg	Company Secretary & Compliance officer	December 20, 2005	-	Appointed
7.	Mr. Suresh Chand Behera	Manager (Systems & EDP)	March 31, 2006	August 1, 2006	Resigned
8.	Mr. Salil Khanna	AGM Merchandising(Apparel)	October 18, 2004	August 19, 2006	Resigned
9.	Mr. Manish Joshi	G.M.(Operations)	July 27, 2006	-	Appointed
10.	Mr. Rajeev Das	Head (Design & Development)	July 1, 2006	-	Appointed
11.	Mr. Pashupati Choudhary	A.G.M (Finance & Accounts)	August 8, 2006	-	Appointed
12.	Ms. Pallavi Dhingra	Manager (Design & Development- Apparel)	September 1, 2006	-	Appointed
13.	Mr. Rajender Khatri	Manager (MIS & Trade Control)	June 16, 2006	-	Appointed
14.	Mr. Rishav Talukdar	Sr. Manager (Quality Assurance & Systems)	December 11, 2006	-	Appointed

There have been no other changes in the Key Management Personnel during the last 12 months for existing activities except as stated above.

**PROMOTERS**

The detail of promoters of our company is given below:-

**Mr. Rajeev Taneja**

**Driving License No.:** 002693-F-2001  
**PAN:** ABTPT4745P  
**Passport No.:** E7486162  
**Bank A/c No:** Bank of India, Faridabad, SB 42876

Mr. Rajeev Taneja, aged 45 years is the Managing Director of Evinix Accessories Limited. He is a Bachelor of Science (Electrical Engineering) from N.I.T, Kurukshetra University and has done post graduation in International Trade from Indian Institute of Foreign Trade, New Delhi in the year 1983. He worked as Manager Exports in Usha Martin Industries Limited for 5 years and two years as DGM project exports in Siemens India in 1988-90. From 1990-1992 he served Yamuna Gas & Chemicals limited as head of marketing. He was working as independent marketing and promotion consultant for various companies till 1995. Mr. Rajeev Taneja extended consultancy during the years 1992 till 1995 as a Director with Harvitec Enterprises Private Limited. During his consultancy tenure, he has handled the assignments for Secure Meters Limited, Udaipur, Safetrip CCL, UK and Concord Electricals, Delhi. In the year 1996, he promoted Evinix Accessories Limited and has been involved in the company since inception.

**Mr. Sanjay Taneja**

**Driving License No.:** 19666F2000  
**PAN:** ABTPT4744N  
**Passport No.:** F6900793  
**Bank A/c No:** Bank of India, Faridabad, SB 42877

Mr. Sanjay Taneja, aged 39 years is the Director- Operations of Evinix Accessories Limited. Mr. Sanjay Taneja is B.Tech (Textile Technology) from Technological Institute of Textiles, Bhiwani (Maharishi Dayanand University). He has also done Post Graduate Diploma in Garment Manufacturing Technology from NIFT, Delhi. He has more than 15 years of experience in the industry. He started his career in 1990 as management trainee in Stencil Apparels Brands Limited. From 1992-94, he served Texmaco, Indonesia as Manager, Manufacturing. From 1994-96 he worked as textile and technology consultant. He has been associated with the company since 1996 and later in 2000 became promoter of our company.

Note: Mr. Rajeev Taneja and Mr. Sanjay Taneja are brothers.

**M/s Ambros Export Private Limited**

**ROC Registration Number:** U00000DL2000PTC108665  
**PAN No:** AAECA8453C  
**Bank Account No:** Centurion Bank of Punjab, Sahibabad branch, Ghaziabad, A/c No. 0059-k36159-001



M/s Ambros Export Private Limited was originally incorporated as "M/s Ambros Pashmina Private Limited" on November 27, 2000. The name of the company was subsequently changed to M/s Ambros Export Private Limited w.e.f. November 25, 2002. The registered office of the company is situated at 4/2519, Lane No.12, Bihari Colony, Shahdara, New Delhi. The promoters of the company are Icey Beverages Pvt Limited, Champ Developers & Investors Pvt Limited, Alok Electricals Pvt Limited. Mr. Rajeev Taneja and Mr. Sanjay Taneja are not directly related to Ambros Export Private Limited as promoters/ directors. M/s Amros Exports Private Limited is one of the promoters of Evinix Accessories Limited by virtue of its shareholding, being 13.38%, in Evinix Accessories Limited.

The company is engaged in the trading activities of textile related products. The company undertakes trading of fabrics as well as fabrication of home furnishings. The fabrication work is done on job work basis.

#### Shareholding Pattern as on December 15, 2006

	Name	No. of shares of Rs. 10 each
1	Icey Beverages Pvt Limited	15,000
2	Champ Developers & Investors Pvt Limited	15,000
3	Alok Electricals Pvt Limited	31,463
4	Mr. Y. M Sharma	10
5	Mr. Sunil Nautiyal	10
6	Mr. Pankaj Agarwal	1,250
7	AAR securities	2,912
8	Nishant Sharma	14,375
	<b>Total</b>	<b>80,020</b>

#### Board of Directors

The Directors of the company are Mr. Y.M Sharma, Mr. Pankaj Agarwal and Mr. Sunil Nautiyal.

#### Financials for the Last Three Years

(Rs. In Lakhs)

Particulars	2003 – 2004	2004-2005	2005-2006
Sales	2736.96	31.61	2353.69
Other Income/job work	3.01	138.83	320.62
Profit After Tax (PAT)	6.64	12.35	12.35
Equity Capital	8.00	8.00	8.00
Reserves (excl. revaluation reserves)	25.17	32.02	45.55
Net Worth	32.97	39.85	53.41
Earning per Share (EPS) (Rs.)	5.00	9.84	15.43
Book Value per Share (Rs.)	41.20	49.80	66.76

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

#### Other Information

The company is not a sick company within the meaning of Sick Industrial Companies (Special provisions) Act 1985, nor is under winding up

*It is hereby confirmed that the permanent account number, Bank account number and passport number wherever available of all the above Promoters were submitted to the Stock Exchanges at the time of filing the Red Herring Prospectus.*

#### Common Pursuits

Promoters do not have interest in any venture that is involved in any activities similar to those conducted by the company.

#### Interest of Promoters

Our promoters have no other interest in our company save and except: -

1. The remuneration paid to them
2. Their shareholding in our company

#### Payment of benefit to the promoters

There has been no payment of benefits to promoters since incorporation

**PROMOTER GROUP COMPANIES**

The following companies have shareholding of more than 10% of the paid up equity capital of our promoter company M/s Ambros Export Pvt Limited.

**1. Icey Beverages Pvt. Limited**

Date of Incorporation	November 13, 1998
Nature of activities	Importers, Producers, Bottlers, Manufacturers of and dealers in beverages of all kind
Directors	Naman Govil and Smt. Asha Sharma

**Shareholding Pattern as December 15, 2006**

	<b>Name</b>	<b>No. of shares (Rs. 100 each)</b>
1	Smt Benu Kapoor Vikram Kapoor	1530
2	Champ Developers & Investments Private Limited	140
3	Vivek Kapoor P.N Kapoor	1420
4	Vikram Kapoor P.N Kapoor	1110
5	S.L. Rajdan & Sons HUF	500
6	Smt Shyam Rani Rajdan Shri S.L. Rajdan	500
7	Shri Bharat Govil Shri R.P. Govil	400
8	Shri R.P. Govil Shri Kishori Lal	300
9	Maha Laxmi Trustee Parakh Govil	500
10	Maha Shailputri Trustee R.K. Govil	400
11	Lord Hanuman Trust Trustee Vikram Kapoor	825
12	Lord Hanuman Ji Trustee Parakh Govil	2350
13.	Devi Vaishno Ji Trustee Parakh Govil	4578
14.	Devi Jagdambey Ji Trustee Parakh Govil	4000
15	GE Pham & Chem Pvt. Ltd.	1500
16	Smt. Raj K. Govil	730
17	Lord Jai Shree Krishna Trustee Vikram Kapoor	300
18	Maa Santoshi Devi	1000
19	Maa Vaishno Devi Trustee Vikram Kapoor	250
20	Devi Durga Ji Trustee R.K. Govil	1500
21	Devi Mansa Ji Trustee R.K. Govil	630

EVINIX ACCESSORIES LIMITED

22	Devi Saraswati Ji Trustee R.K. Govil	790
23	Lord Ganesh Ji Trustee R.K. Govil	600
24	Maha Vindeshwari Trustee Parakh Govil	795
25	Pashupati Nath Trustee Parakh Govil	490
26	Vishwanath Dev Trustee R.K. Govil	470
27	Lord Shiva Trustee R.K. Govil	700
28	Somnath Dev Trustee Parakh Govil	300
29	Smt Bhavna Govil	200
30	Radix Investment & Lease Private Limited	70
31	Pramila Panwar	360
32	Sunita Bhola	360
	<b>Total</b>	<b>29,598</b>

**Financials for the Last Three Years**

(Rs. In Lakhs)

Particulars	2003 – 2004	2004-2005	2005-2006
Sales	00.08	00.06	00.07
Other Income	-	-	-
Profit After Tax (PAT)	00.02	00.01	00.02
Equity Capital*	29.59	29.59	
Reserves (excl. revaluation reserves)	00.75	00.75	00.76
Net Worth	30.34	30.34	30.35
Earning per Share (EPS) Rs.	0.02	0.03	0.06
Book Value per Share Rs.	102.54	102.52	104.65

\* Face Value Rs 100/- per Equity share

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

**Other Information**

The company is not a sick company within the meaning of Sick Industrial Companies (Special provisions) Act 1985, nor is under winding up

**2. Champ Developers & Investors Private Limited**

Date of Incorporation	10th April 1991
Nature of activities	Business of immovable property
Directors	Smt Asha Sharma and Shri Rajesh Kumar Govil

## Shareholding Pattern as on December 15 2006

Name		No. of shares (Rs. 10/- each)
1	Mugdha Gupta Dr. S.L Gupta	10000
2	Vivek Kapoor P.N Kapoor	15110
3	Parakh Govil & Sons (HUF)	2450
4	Vikram Kapoor P.N Kapoor	36000
5	Sharda Kapoor P.N Kapoor	145310
6	Vikram Kapoor & Sons(HUF)	2700
7	Devi Durga Ji	18500
8	Devi Mansa Ji	2000
9	Benu Kapoor Vikram Kapoor	22700
10	P.N Kapoor & Sons(HUF)	9000
11	Sidharth Govil Dr. Ajay Govil	4600
12	Santoshi Devi Trustee-Vikram Kapoor	1550
<b>Total</b>		<b>269920</b>

## Financials for the Last Three Years

(Rs. In Lakhs)

Particulars	2003 – 2004	2004-2005	2005-2006
Sales	0.00	0.00	0.00
Other Income	0.11	0.13	0.13
Profit After Tax (PAT)	0.00	0.03	0.03
Equity Capital	26.99	26.99	26.99
Reserves (excl. revaluation reserves)	1.40	1.43	1.43
Net Worth	28.42	28.39	28.39
Earning per Share (EPS) Rs.	0.01	0.00	0.00
Book Value per Share Rs.	10.50	10.52	10.52

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

## Other Information

The company is not a sick company within the meaning of Sick Industrial Companies (Special provisions) Act 1985, nor is under winding up.

## 3. Alok Electricals Pvt Limited

Date of Incorporation	May 17, 1983
Nature of activities	Manufacturers and dealers in electric and electronic items of all types.
Directors	Surendra Kumar Sharma, S. C Gupta, Anil Kumar Jain, Ashu Govil

**Shareholding Pattern as on December 15 2006**

<b>Name</b>	<b>No. of shares of Rs. 100 each</b>
1 S. K Sharma, Sharu Shashank, Ram Gopal Sharma	2355
2 Sharu Shashank Gupta jointly with S. C Gupta	2260
3 Shri Bimal Kumar Jain & Sons	10
4 Shri Anil Kumar Jain	10
5 Shri Bimal Kumar Jain For B.K. Jain Family Trust	10
6 Smt Sipra Jain Shri A.K. Jain	180
7 Shri S.C. Gupta Shri Ram Saran	160
Total	4985

**Financials for the Last Three Years****(Rs. In Lakhs)**

<b>Particulars</b>	<b>2003 – 2004</b>	<b>2004-2005</b>	<b>2005-2006</b>
Sales	-	-	-
Other Income	00.52	00.41	0.82
Profit After Tax (PAT)	(0.01)	(00.33)	0.33
Equity Capital	4.99	4.99	4.99
Reserves (excl. revaluation reserves)	-	-	-
Net Worth	4.88	4.54	4.88
Earning per Share (EPS) Rs.	-	-	8.25
Book Value per Share of face value Rs 100 (Rs)	97.72	99.08	97.72

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

**Other Information**

The company is not a sick company within the meaning of Sick Industrial Companies (Special provisions) Act 1985, nor is under winding up.

**Disassociated Ventures of our promoters during the past three years**

The promoters of the company have disassociated themselves from the following ventures in last three years.

**Evinix Leisuregear Private Limited**

Evinix Leisuregear Private Limited (formerly Exonex Leisuregear Private Limited) incorporated on December 20, 2000, having registered office at 463, Sector 15 A, Faridabad-121007, was an associate concern of Evinix Accessories Limited with Mr. Rajeev Taneja, Mr. Sanjay Taneja and Mr. P.C Kathuria as the promoters of the company. The company is no longer our associate concern w.e.f September 30, 2005.

### Related Party Transactions

Related Party transactions in accordance with Accounting Standard 18 on Related Party Disclosures, issued by the Institute of Chartered Accountants of India, are given under:

S.No.	Name of the Related Party	Relationship	Period upto which relation exists
1	Evinix Consolidated	Associate Concern	April 30, 2005
2	Evinix Leisuregear Pvt. Limited.	Associate Concern	September 30, 2005
3	Mrs. Anuradha Taneja	Wife of Director	April 30, 2003
	<b>Key Managerial Personnel</b>		
1	Shri Rajeev Taneja	Managing Director	
2	Shri Sanjay Taneja	Director	
3	Shri A.K.Singhal	Director	

Name of the Party	Nature of Relationship	Nature of Transactions	March 31 2002	March 31 2003	March 31 2004	March 31 2005	March 31 2006	For the period April 1, 2006 to September 30, 2006
Evinix Consolidated	Associate Concern	Sale	133.70	0.00	0.00	19.76	0.00	0.00
		Purchase of goods	36.92	0.00	0.00	0.00	0.00	0.00
		Job Work Exp.	35.86	39.90	0.00	16.56	0.00	0.00
		Commission Received	0.00	0.00	49.30	0.00	0.00	0.00
		Rent Paid	10.69	10.69	0.89	0.00	0.00	0.00
		Commission Paid	0.00	0.00	0.00	0.00	0.00	0.00
		Job Work	15.28	0.00	0.00	0.00	0.00	0.00
Evinix Leisuregear Pvt. Limited.	Associate	Purchase of goods	0.00	0.00	0.00	41.37	0.00	0.00
		Purchase of Fixed Assets	0.00	0.00	0.00	72.75	0.00	0.00
		Commission Received	35.00	0.00	0.00	0.00	0.00	0.00
Rajeev Taneja	Mg. Director	Salary	4.25	4.02	3.40	1.80	8.25	4.50
Sanjay Taneja	Director	Salary	3.67	3.42	2.80	1.80	8.25	4.50
A.K.Singhal	Director	Salary	0.00	0.00	0.00	0.00	0.00	2.52
Anuradha Taneja	Wife of Director	Salary	2.55	2.83	0.11	0.00	0.00	0.00

**CURRENCY OF PRESENTATION**

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

In this Red Herring Prospectus, throughout all figures have been expressed in Lakhs.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.

**DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of the Company, at their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition.

The summary of dividends declared by our company is as follows:-

Particulars	For the year ended					For April 1, 2006 till September 30, 2006
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	
On Equity Share capital						
Paid up Equity Share Capital (Rs. In lakhs)	53.10	55.00	55.00	55.00	720.00	720.00
Face value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend %	20.00	0.00	0.00	0.00	0.00	0.00
Amount of Dividend	10.62	0.00	0.00	0.00	0.00	0.00
Dividend Tax	1.36	0.00	0.00	0.00	0.00	0.00



## SECTION V - FINANCIAL INFORMATION OF THE COMPANY

## Auditors Report

The Board of Directors,  
Evinix Accessoires Ltd.  
Khasra No. 43, Sector 45, Mewla Maharajpur,  
Faridabad

We have examined and found correct the Audited Accounts of Evinix Accessories Ltd. for the past five financial years ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period from April 1, 2006 to September 30, 2006. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part II of Schedule II of the Companies Act, 1956.

In accordance with the requirement of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) for the purpose of the offering Memorandum as aforesaid, we report that:-

- a. The restated profits of the Company for the financial years ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period from April 1, 2006 to September 30, 2006 are set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Account appearing in Annexure III and IV respectively to this report.
- b. The restated assets and liabilities of the Company as at March 31, 2002, 2003, 2004, 2005, 2006 and for the period from April 1, 2006 to September 30, 2006 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Account appearing in Annexure III and IV respectively to this report.
- c. We have examined the Cash Flow statement relating to the Company for the year ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period from April 1, 2006 to September 30, 2006 as appearing in Annexure V to this report.
- d. The rates of dividends paid by the Company in respect of the financial years ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period from April 1, 2006 to September 30, 2006 as appearing in Annexure VI to this report.
- e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:-
  1. Performance Ratios as appearing in Annexure VII to this report.
  2. Capitalization Statement as appearing in Annexure VIII to this report.
  3. Statement of tax shelters as appearing in Annexure IX to this report.
  4. Details of other income as appearing in Annexure X to this report.
  5. Details of Sundry Debtors as appearing in Annexure XI to this report.
  6. Details of loans and advances made to persons or Companies to which Directors are interested as appearing in Annexure XII to this report.
  7. Details of unsecured loans as appearing in Annexure XIII to this report.
  8. Details of secured loans as appearing in Annexure XIV to this report.
  9. Details of transactions with related parties as appearing in Annexure XV to this report.
  10. Details of Investment as appearing in Annexure XVI to this report.
  11. Details of expenditure incurred on the project as appearing in Annexure XVII to this report.
  12. Details of qualifications appearing in the audit Report as given in Annexure XVIII to this report.
  13. Details of changes in Significant Accounting Policies as given in Annexure XIX to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes on Accounts attached in Annexure III and IV respectively to this report, after making adjustments and regroupings as considered appropriate has been prepared in accordance with paragraph B (1) Part II of Schedule II of the Act and the SEBI Guidelines.

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

For A. S. Patwa & Co.  
CHARTERED ACCOUNTANTS

(A. S. PATWA)  
Proprietor  
Membership No. 11330

Place: Faridabad  
Date: January 4, 2007

**Annexure - I**  
**Statement of Profit & Loss Account**

(Rs in Lakhs)

Particulars	For end of the year					For the period April 1, 2006 to September 30, 2006
	March 31 2002	March 31 2003	March 31 2004	March 31 2005	March 31 2006	
<b>SALES</b>						
Of Products Manufactured by the Company						
(Net of Excise Duty)	1184.55	1060.14	538.59	791.81	2870.30	1783.06
Of Products Traded by the Company	0.00	65.37	0.00	2085.37	1861.95	1275.38
Increase / (Decrease) in stocks	46.27	98.30	(112.09)	168.76	60.50	144.18
Other Income	59.49	3.15	66.47	24.06	63.32	6.27
<b>Total</b>	<b>1290.31</b>	<b>1226.96</b>	<b>492.97</b>	<b>3070.00</b>	<b>4856.07</b>	<b>3208.89</b>
<b>EXPENDITURE</b>						
Material Consumed	651.65	702.24	374.26	2239.35	2949.50	2298.89
Manufacturing Expenses	136.35	171.76	93.59	166.23	605.86	208.93
Personnel Expenses	108.61	63.31	68.77	68.38	154.33	104.08
Other Operating Expenses	205.87	271.74	114.45	136.43	261.98	98.41
Excise Duty	14.84	0.00	0.00	0.00	40.26	33.07
Misc and Deferred Revenue Exp. W/Off	1.32	1.32	1.32	1.32	1.32	0.00
<b>Total</b>	<b>1118.64</b>	<b>1210.37</b>	<b>652.39</b>	<b>2611.71</b>	<b>4013.25</b>	<b>2743.38</b>
Profit before Interest, Depreciation and Tax	171.67	16.59	(159.42)	458.29	842.82	465.51
Depreciation	12.57	15.35	15.44	12.29	37.38	22.87
Profit before Interest and Tax	159.10	1.24	(174.86)	446.00	805.44	442.64
Interest & Finance Charges	76.37	75.82	70.91	63.82	54.06	39.25
Loss on sale of Investment/Assets	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit Before Tax	82.73	(74.58)	(245.77)	382.18	751.38	403.39
<b>Provision For Taxation</b>						
Current Tax	11.00	9.83	0.00	8.42	51.78	76.50
Deferred Tax	0.00	0.00	0.00	0.00	108.99	12.51
Net Profit After Tax	71.73	(84.41)	(245.77)	373.76	590.61	314.38
Proposed Dividend & Depreciation Written Back	10.62	0.00	0.00	0.00	0.00	0.00
Prior Period Item	1.66	0.00	0.00	0.00	17.62	0.00
Net profit after tax after adjusting prior period item	59.45	(84.41)	(245.77)	373.76	572.99	314.38

**Annexure – II**  
**Statement of Assets and Liabilities**

(Rs in Lakhs)

Particulars		As at					For the period April 1, 2006 to September 30, 2006
		March 31 2002	March 31 2003	March 31 2004	March 31 2005	March 31 2006	
<b>A</b>	<b>Fixed Assets</b>						
	Gross Block	238.38	304.21	276.83	349.58	963.14	1388.08
	Less: Depreciation	48.83	64.18	79.16	91.45	128.83	151.69
	Net Block	189.55	240.03	197.67	258.13	834.31	1236.39
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	189.55	240.03	197.67	258.13	834.31	1236.39
	Capital Work in Progress	0.00	0.00	0.00	0.00	285.00	0.00
	<b>Total fixed Assets (A)</b>	<b>189.55</b>	<b>240.03</b>	<b>197.67</b>	<b>258.13</b>	<b>1119.31</b>	<b>1236.39</b>
<b>B</b>	<b>Investments (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>C</b>	<b>Current Assets, Loan and Advances</b>						
	Inventories	259.02	379.02	206.15	430.87	548.90	849.71
	Sundry Debtors	468.72	89.74	201.44	458.22	877.42	951.35
	Cash and Bank Balance	45.02	28.63	19.23	25.40	89.41	37.17
	Loans and Advance	56.58	27.77	55.09	11.57	254.97	157.48
	<b>Total(C)</b>	<b>829.34</b>	<b>525.16</b>	<b>481.91</b>	<b>926.06</b>	<b>1770.70</b>	<b>1995.71</b>
<b>D</b>	<b>Liabilities and Provisions</b>						
	Secured Loans	643.58	527.35	627.87	552.98	299.09	813.47
	Unsecured Loans	0.00	16.75	21.20	14.37	0.00	0.00
	Current Liabilities	141.59	99.61	151.26	346.63	760.74	222.33
	Provisions	31.54	0.48	2.71	18.58	100.67	178.84
	Deferred Tax Liability	0.00	0.00	0.00	0.00	108.99	121.50
	<b>Total(D)</b>	<b>816.71</b>	<b>644.19</b>	<b>803.04</b>	<b>932.56</b>	<b>1269.49</b>	<b>1336.14</b>
<b>E</b>	<b>Net Worth (A+B+C-D)</b>	<b>202.18</b>	<b>121.00</b>	<b>(123.46)</b>	<b>251.63</b>	<b>1620.52</b>	<b>1895.96</b>
<b>F</b>	<b>Represented By:</b>						
	Equity Share Capital	53.10	55.00	55.00	55.00	720.00	720.00
	Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
	Reserve and Surplus	155.71	71.30	(174.48)	199.29	902.27	1216.66
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Reserve and Surplus	155.71	71.30	(174.48)	199.29	902.27	1216.66
	Miscellaneous Expenditure	6.62	5.30	3.98	2.66	1.75	40.7
	<b>Net Worth (A+B+C-D)</b>	<b>202.19</b>	<b>121.00</b>	<b>(123.46)</b>	<b>251.63</b>	<b>1620.52</b>	<b>1895.96</b>

**Annexure-III****Significant Accounting Policies:****I. Accounting Policies:****BASIS FOR PREPARATION OF ACCOUNTS**

The Financial Statement are prepared as on going concern basis under the historical cost convention on accrual basis unless specified and in accordance with applicable Accounting standards.

**USE OF ESTIMATES**

The Presentation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the report the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

**REVENUE RECOGNITION**

Sales are recognized on completion of sales of goods with rebates and inclusive of excise duty wherever applicable.

**FIXED ASSETS**

All fixed assets are stated at cost.

**DEPRECIATION**

The depreciation on the fixed assets have been provided on Straight Line Method, as per Schedule XIV of the Companies Act, 1956.

**INVENTORIES**

Raw Materials, stores and spares are valued at cost. Finished and Semi Finished goods produced are valued at cost of production (arrived at 75% of sale price in case of Finished goods and 60% of sale price in case of Semi Finished goods)

**TERMINAL BENEFITS**

The Provision for Liability for Bonus, Gratuity and Leave Encashment has been made in the Accounts on Acturial valuation for and upto March 31, 2006 and on estimated basis for the period from April 1, 2006 to September 30, 2006.

**MISCELLANEOUS EXPENDITURE**

Preliminary Expenses and Deferred Revenue Expenses are being amortized over a period of ten years. (Deferred Revenue Expenditure consists of Product Research & Development, Design Development, Sampling Expenses and Human Resource Development Expenses and Pre-operative expenses for NSEZ Unit where commercial production has not started till the date of Balance Sheet)

**FOREIGN CURRENCY TRANSACTIONS**

Transaction in foreign currency are accounted for in Indian Rupees on the rate of exchange prevailing on the date of transactions. Any income or expenses arising out of fluctuation is charged to the profit & loss account separately. The amount short realized is also charged separately.

**EXPORT BENEFITS**

All export benefits are accounted for on accrual basis expect for unrealized amount within the permissible time.

## Annexure-IV

## Notes to Accounts:

## Contingent Liabilities

(Rs in Lakhs)

Particulars	As on March 31, 2005	As on March 31, 2006
Letter of Credits	86.67	0.00
Bank Guarantee	95.17	87.22
Corporate Guarantee	267.23	240.98
Estimated amount of capital contract remaining unexecuted (Net of advance)	0.00	130.00
Claims against the company not acknowledged as debt	0.00	6.32

## Deferred Tax Liability (Net)

(Rs in Lakhs)

	Deferred Tax Asset (Liability) as at April 1, 2006	Current Year (Charge) / Credit	Deferred Tax Asset (Liability) as at September 30, 2006
Provision for Bonus	1.78	0.98	2.77
Provision for Gratuity	1.95	1.07	3.02
Provision for Leave Encashment	0.74	0.06	0.80
Difference between book and tax depreciation	(101.12)	(26.97)	(128.09)
Deduction available on payment basis [section 40 (a) ]	4.75	(4.75)	0.00
Total	(98.89)	(29.61)	(121.50)

3. The details of company's segments wise financial results are as under:

## Primary Segments

(Rs in Lakhs)

Particulars	Segments								
	Fashion Accessories		Fabric		Total		Fashion Acc.	Fabric	Total
	March 31, 2005	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005	March 31, 2006	For April 1, 2006 till September 30, 2006		
Segment Revenues	791.81	2870.30	2085.37	1861.95	2877.18	4732.25	1783.05	1275.38	3058.43
Less: Inter/intra segment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Segment Revenue	791.81	2870.30	2085.37	1861.95	2877.18	4732.25	1783.05	1275.38	3058.43
Segment Results	130.07	608.42	291.87	136.52	421.94	744.94	202.29	234.07	436.36
Less : Financial Expenses	63.82	54.06	0.00	0.00	63.82	54.06	39.25	0.00	39.25
Add: Other Income	24.06	60.50	0.00	0.00	24.06	60.50	6.28	0.00	6.28
Profit Before Tax	90.31	617.86	291.87	136.53	382.18	751.39	169.32	234.07	403.39
Capital Employed	206.11	1484.00	45.52	136.52	251.63	1620.52	1320.98	615.67	1936.65

## • Secondary segments

(Rs in Lakhs)

Particulars	Segments								
	Domestic		Export		Total		Domestic	Export	Total
	March 31, 05	March 31, 06	March 31, 05	March 31, 06	March 31, 05	March 31, 06	For April 1, 2006 to September 30, 2006		
Segment Revenues	19.76	1416.63	772.05	1453.67	791.81	2870.30	1415.21	367.84	1783.05
Fabric	2085.37	1861.95	0.00	0.00	2085.37	1861.95	1275.38	0.00	1275.38

(Rs in Lakhs)

Particulars	For April 1, 2006 to September 30, 2006	Year ended March 31, 2006
Profit (loss) attributable to the Equity shareholders ( for the year) (A)	314.38	572.98
Number of equity shares (B) (at the beginning of the year)	7200000	7200000
Weighted average number of Equity shares outstanding during the year (C)	720000	3256301
Nominal value of equity shares(Rs.)	10.00	10.00
Basic earning per share (Rs.) (A) /(B)	4.37	7.96
Diluted earning per share (Rs) (A) /(C)	4.37	17.60

4. The debtors and creditors are subject to confirmation.

5. Some of the Bank accounts are subject to reconciliation.

6. In the opinion of the Management, all current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

7. Assets are valued at cost in Balance sheet and the value in the opinion of management is more than its realizable amount and therefore, no provision is required to be made as per the Accounting Standard (AS-28) "Impairment of assets" as "Impairment Loss"

8. Basic/Diluted Earning per share has been calculated as under:

#### 9. Managerial Remuneration

(Rs in Lakhs)

Particulars	Year ended on March 31, 2005	Year ended on March 31, 2006	For the period April 1, 2006 to September 30, 2006
Salaries & Allowances	3.60	16.50	11.52
Perquisites	0.00	0.00	0.00
<b>Total</b>	<b>3.60</b>	<b>16.50</b>	<b>11.52</b>

#### 10. Auditors' Remuneration

(Rs in Lakhs)

Particulars	Year ended on March 31, 2005	Year ended on March 31, 2006	For the period 1.4.05 to 15.2.06
Statutory Audit fee	1.50	2.60	0.00
Other Services	0.16	0.59	0.00
<b>Total</b>	<b>1.66</b>	<b>3.19</b>	<b>0.00</b>

Note: No Previous has been made for Audit fee as the accounts are mid year account.

11. Previous year figures have been re-arranged, recast & regrouped wherever considered necessary.

Annexure – V  
Cash Flow Statement

(Rs in Lakhs)

Particulars	March 31 2002	March 31 2003	March 31 2004	March 31 2005	March 31 2006	For April 1, 2006 to September 30, 2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>82.73</b>	<b>(74.58)</b>	<b>(245.77)</b>	<b>382.18</b>	<b>751.38</b>	<b>403.39</b>
<b>Adjustment for:</b>						
Depreciation	12.57	15.35	15.44	12.29	37.38	22.87
Other Income	(59.49)	(3.15)	(66.47)	(24.06)	(63.32)	(6.28)
Interest Expenses	76.37	75.82	70.91	63.82	54.06	39.25
Loss on Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Expenses written off	1.32	1.32	1.32	1.32	1.32	0.00
<b>Operating profits before working capital changes</b>	<b>113.50</b>	<b>14.76</b>	<b>(224.57)</b>	<b>435.55</b>	<b>780.82</b>	<b>459.23</b>
<b>Adjustment for:</b>						
Inventories	(48.76)	(120.00)	172.87	(224.72)	(118.03)	(300.81)
Trade & Other Receivable	234.38	407.79	(139.02)	(213.26)	(662.60)	23.58
Trade Payable & Other Liabilities	(169.95)	(73.04)	53.88	211.24	496.20	(460.23)
<b>Cash generated from operations</b>	<b>129.17</b>	<b>229.51</b>	<b>(136.84)</b>	<b>208.81</b>	<b>496.39</b>	<b>(278.24)</b>
Interest Paid	(76.37)	(75.82)	(70.91)	(63.82)	(54.06)	(39.25)
Income tax paid	(11.00)	(9.83)	0.00	(8.42)	(51.78)	(76.50)
<b>Cash Flow Before Extraordinary items</b>	<b>41.80</b>	<b>143.86</b>	<b>(207.75)</b>	<b>136.57</b>	<b>390.55</b>	<b>(393.99)</b>
Extraordinary items (prior Year Adjustment)	(1.66)	0.00	0.00	0.00	(17.62)	0.00
<b>Net Cash from Operating Activities (A)</b>	<b>40.14</b>	<b>143.86</b>	<b>(207.75)</b>	<b>136.57</b>	<b>372.93</b>	<b>(393.99)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Capital work in progress	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of fixed assets (net)	(19.69)	(65.82)	26.91	(72.74)	(898.56)	(139.94)
Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00
Sale/(Purchase) of Investment	0.00	0.00	0.00	0.00	0.00	0.00
Other Income	59.49	3.15	66.47	24.06	63.32	6.28
Deferred revenue expenditure	0.00	0.00	0.00	0.00	(0.42)	(38.95)
<b>Net cash used for Investing Activities (B)</b>	<b>39.80</b>	<b>(62.67)</b>	<b>93.38</b>	<b>(48.68)</b>	<b>(835.66)</b>	<b>(172.61)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Proceeds from issue of Share Capital/Share Premium	0.00	1.90	0.00	0.00	795.00	0.00
Net Proceeds / Repayments of long term loans	(48.22)	(99.48)	104.97	(81.72)	(268.26)	514.38
Dividend including dividend tax	(10.62)	0.00	0.00	0.00	0.00	0.00
<b>Net cash from Financing Activities (C)</b>	<b>(58.84)</b>	<b>(97.58)</b>	<b>104.97</b>	<b>(81.72)</b>	<b>526.74</b>	<b>514.38</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>21.10</b>	<b>(16.39)</b>	<b>(9.40)</b>	<b>6.17</b>	<b>64.01</b>	<b>(52.22)</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>23.92</b>	<b>45.02</b>	<b>28.63</b>	<b>19.23</b>	<b>25.40</b>	<b>89.41</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>45.02</b>	<b>28.63</b>	<b>19.23</b>	<b>25.40</b>	<b>89.41</b>	<b>37.19</b>

Note: Figures in ( ) denotes cash outflow

**Annexure-VI****Statement of Dividend paid:**

(Rs in Lakhs)

Particulars	For the year ended					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	For April 1, 2006 to September 30, 2006
On Equity share capital						
Paid up equity share capital	53.10	55.00	55.00	55.00	720.00	720.00
Face value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend %	20.00	0.00	0.00	0.00	0.00	0.00
Amount of Dividend	10.62	0.00	0.00	0.00	0.00	0.00
Corporate Dividend tax	1.36	0.00	0.00	0.00	0.00	0.00

**ANNEXURE –VII****Performance Ratios:**

Rs in Lakhs)

Particulars	For the year ended					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	For April 1, 2006 to September 30, 2006
Earning per share ( Rs. )	11.20	(15.35)	(44.69)	67.96	7.96	4.37
Return On Net Worth*(%)	35.48	(69.76)	(199.07)	148.54	36.45	16.58
Net Asset Value / Book ValuePer share (Rs.)	38.08	22.00	(22.45)	45.75	22.51	26.33

\* Profit after Income Tax but before deferred tax taken.

1. Earning per share (Rs.)= Profit available to equity shareholders/No. of equity share
2. Return On Net Worth (%)= Profit after taxation/Net worth\*100
3. Net asset value / Book value per share (Rs.) = Net worth / No. of equity shares.

**Annexure – VIII****Capitalization Statement:**

(Rs. in Lakhs)

Particulars	Pre Issue			Post Issue At the upper band of Rs. Per Share
	As at March 31, 2005	As at March 31, 2006	1.04.06 to 30.09.06	
Total debt:				Information is not available now.
Short Term Debt	471.53	291.61	808.63	
Long Term Debt	81.45	7.48	4.84	
<b>Shareholders Funds:</b>				
Share Capital	55.00	720.00	720.00	
Reserve & Surplus	199.29	902.27	1216.66	
Less: Misc. expenditure	2.66	1.75	40.70	
Total Shareholders Funds	251.63	1620.52	1895.96	
<b>Long Term Debt / Shareholders Funds</b>	0.32	0.00	0.00	

Note: Post Issue figure are estimated and given by the Management



**Annexure –IX**  
**Statement of Tax Shelters**

(Rs in Lakhs)

Particulars	For the year ended					For period April 1, 2006 to September 30, 2006
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	
Profit before current and deferred taxes, as restated (A)	82.73	(74.58)	(245.77)	382.18	751.38	403.39
Tax rate, % (E)	35.70	36.75	35.88	36.59	33.66	33.66
Tax impact (A)	29.53	0.00	0.00	139.84	252.91	135.78
Adjustments						
Permanent differences						
Deduction u/s 80HHC of the Income Tax Act	28.78	0.00	0.00	0.00	0.00	0.00
Deduction u/s 80IB/80IA of the Income Tax Act	0.00	0.00	0.00	0.00	0.00	0.00
Deduction u/s 10A/10B of the Income Tax Act	0.00	0.00	0.00	284.87	125.03	0.00
Other adjustments	(1.68)	(6.20)	(11.56)	39.55	241.41	14.13
<b>Total (B)</b>	<b>27.10</b>	<b>(6.20)</b>	<b>(11.56)</b>	<b>324.42</b>	<b>366.44</b>	<b>14.13</b>
Temporary differences						
Difference between book depreciation and tax depreciation	24.33	26.68	18.87	28.24	300.42	166.33
Research & Development expenditure	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total (C)</b>	<b>24.33</b>	<b>26.68</b>	<b>18.87</b>	<b>28.24</b>	<b>300.42</b>	<b>166.33</b>
<b>Net Adjustment(B+C)</b>	<b>51.43</b>	<b>20.48</b>	<b>7.31</b>	<b>352.66</b>	<b>666.86</b>	<b>180.46</b>
Tax saving thereon	18.36	7.53	2.62	129.04	224.47	60.74
<b>Net tax payable as per income tax returns (D = A-B-C)</b>	<b>11.17</b>	<b>0.00</b>	<b>0.00</b>	<b>10.80</b>	<b>28.45</b>	<b>75.04</b>

Note : 1. The figures for all the above years are as per the Returns of income filed except for the current period  
2. Minimum Alternate Tax U/S 115 JB have been paid wherever taxable profits are insufficient.

**Annexure – X**  
**Details of Other income**

(Rs in Lakhs)

Particulars	For the year ended					For period April 1, 2006 to September 30, 2006
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	
Income from Interest	1.89	3.09	1.50	2.47	1.34	0.50
Miscellaneous Income	56.93	0.06	64.97	21.59	61.98	5.77
<b>Total</b>	<b>58.82</b>	<b>3.15</b>	<b>66.47</b>	<b>24.06</b>	<b>63.32</b>	<b>6.27</b>

**Annexure – XI****Sundry Debtors:****(Rs in Lakhs)**

Particulars	For the year ended					For period April 1, 2006 to September 30, 2006
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	
Debtors outstanding for a period exceeding six months	11.05	0.00	0.00	0.00	112.30	85.87
Others	457.67	89.75	201.44	458.22	765.12	865.48
<b>Total</b>	<b>468.72</b>	<b>89.75</b>	<b>201.44</b>	<b>458.22</b>	<b>877.42</b>	<b>951.35</b>

**Annexure – XII****Loans & Advances:**

There are no loans to Companies in which Directors are interested.

**Annexure – XIII****Unsecured Loans:****(Rs in Lakhs)**

Particulars	For the year ended					For period April 1, 2006 to September 30, 2006
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	
From bodies corporate	0.00	0.00	0.00	0.00	0.00	0.00
Security from Staff & Customers	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Deposits	0.00	0.00	0.00	0.00	0.00	0.00
Redeemable Non-Convertible Debentures	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	16.75	21.20	14.37	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>16.75</b>	<b>21.20</b>	<b>14.37</b>	<b>0.00</b>	<b>0.00</b>

**Annexure – XIV****Secured Loans:****(Rs in Lakhs)**

Particulars	For the year ended					For period April 1, 2006 to September 30, 2006
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	
Term Loan	61.35	62.73	43.13	81.45	7.48	4.84
Working Capital Loan	582.23	464.62	587.74	471.53	291.61	808.63
<b>Total</b>	<b>643.58</b>	<b>527.35</b>	<b>630.87</b>	<b>552.98</b>	<b>299.09</b>	<b>813.47</b>

**Principal Terms of sanctioned Loans and Assets Charged as security**

Sr. No.	Lender & Type of Facility/Term of repayment	Rate of Interest	Amt. Outstanding as on		Details of Security
			March 31, 2006	September 30, 2006	
1	<b>Term Loan from Bank of India 1-2 Chowk, NIT, Faridabad</b>	10.75%	0	0	The term loan is secured by hypothecation of Plant & Machinery.
	Sanction Letter No. ADV Sec: 209 dated 15.3.2005				Secured by first charge on stock of Raw Material, Finished goods, Semi finished goods, Consumable Stores and book debts.
	Repayment Terms: 12 equal installments				
2	Vehicle Loans from Kotak Mahindra	12%	7.48	4.48	The Loan is secured by hypothecation of Vehicles
3	<b>Working Capital: from Bank of India, 1-2, Chowk, NIT, Faridabad</b>				
	OD A/c	13.5%	0	0	Further to this these loans are secured by collateral security of the properties owned by company (as per note below)
	Packing Credit	6.75%	290.13	279.75	
	FBN	6.75%	0	0	
	Fund Based Rs. 440 Lakhs Non-fund Based Rs. 200.00 Lakhs				Collateral security of properties owned by directors and their relatives
	Sanction Letter No. ADV Sec: 209 dated March 15, 2005				Personal guarantee by the Directors of the Company
	Repayment terms: Repayable on demand and are available for one year.				
4	<b>ICICI Bank Parliament Street, New Delhi</b>				
	Fund based	21%	1.48	0	Personal guarantee by the directors of the company
	Repayment Terms: Repayable on demand				
5	<b>Standard Chartered Bank New Delhi</b>				
	Fund based	10.5%	0	528.87	Pari- Pasu arrangement with Bank of India according to the Mutual Agreement.
	Repayment Terms: Repayable on demand				

**Note :**

1. Property situated at Sector - 21B, Faridabad
2. Property situated at Khasra No. - 43, Sector - 45, Mewla Maharajpur, Faridabad

**Annexure – XV****Related Party Transactions:**

## (I) List of Related Parties

S.No.	Name of the Related Party	Relationship	Period upto which relation exists
1	Evinix Consolidated	Associate Concern	April 30, 2005
2	Evinix Leisuregear Pvt. Limited.	Associate Concern	September 30, 2005
3	Mrs. Anuradha Taneja	Wife of Director	April 30, 2003
	<b>Key Managerial Personnel</b>		
1	Shri Raujeev Taneja	Managing Director	
2	Shri Sanjay Taneja	Director	
3	Shri A.K.Singhal	Director	

Name of the Party	Nature of Relationship	Nature of Transactions	March 31 2002	March 31 2003	March 31 2004	March 31 2005	March 31 2006	For the period April 1, 2006 to September 30, 2006
Evinix Consolidated	Associate Concern	Sale	133.70	0.00	0.00	19.76	0.00	0.00
		Purchase of goods	36.92	0.00	0.00	0.00	0.00	0.00
		Job Work Exp.	35.86	39.90	0.00	16.56	0.00	0.00
		Commission Received	0.00	0.00	49.30	0.00	0.00	0.00
		Rent Paid	10.69	10.69	0.89	0.00	0.00	0.00
		Commission Paid	0.00	0.00	0.00	0.00	0.00	0.00
		Job Work	15.28	0.00	0.00	0.00	0.00	0.00
Evinix Leisuregear Pvt. Limited.	Associate	Purchase of goods	0.00	0.00	0.00	41.37	0.00	0.00
		Purchase of Fixed Assets	0.00	0.00	0.00	72.75	0.00	0.00
		Commission Received	35.00	0.00	0.00	0.00	0.00	0.00
Raujeev Taneja	Mg. Director	Salary	4.25	4.02	3.40	1.80	8.25	4.50
Sanjay Taneja	Director	Salary	3.67	3.42	2.80	1.80	8.25	4.50
A.K.Singhal	Director	Salary	0.00	0.00	0.00	0.00	0.00	2.52
Anuradha Taneja	Wife of Director	Salary	2.55	2.83	0.11	0.00	0.00	0.00

**Annexure –XVI**

There are no investments

**Annexure XVII**

There are projects in hand being executed at NSEZ and other place wherein following funds have been deployed.

(Rs. in Lakhs)

Deployment of Funds	April 1, 2006 to September 30, 2006
Unit Acquisition (including start up Expenses)	428.56
Building Construction	3.11
Plant, equipment and machinery	44.33
Miscellaneous Fixed Assets	14.93
Margin Money for Working Capital	0.00
Public Issue Expenses.	27.79
<b>Total</b>	<b>518.72</b>

**Sources of Funds**

Internal Accruals	518.72
Unsecured Loans from Promoters, their relatives & Associates	0.00
Term Loans (Under TUFS)	0.00
<b>Total</b>	<b>518.72</b>

**Annexure – XVIII**

There have been no qualifications in the Audit Report for the preceding five years

**Annexure – XIX****Changes in the Significant Accounting Policies**

There is no change in accounting policies during the last five preceding years.

For A. S. Patwa & Co.  
Chartered Accountants  
A. S. PATWA  
Proprietor  
Membership No. 11330  
Date : January 4, 2007  
Place : Faridabad

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our Company's financial condition and results of operations should be read together with the audited financial statements for the Financial Years ended on March 31, 2004, 2005, 2006 and for the period ended September 30, 2006 including the schedules, annexures and notes thereto and the reports thereon, which appear in this Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Guidelines as described in the Auditor's Report of M/s A. S. Patwa & Co. dated January 4, 2006 in the section with the title 'Financial Information'.

The following discussion is based on our Company's audited financial statements for financial years 2004, 2005, 2006 and for the period ended September 30, 2006, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and on information available from other sources.

The Directors confirm that there has been no event or circumstance since the date of the last financial statements, which materially and adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

### Overview

#### Industry Structure and Developments

The market for fashion accessories and fashion apparels in India has been fragmented. Typically, small local players cater to the demand based on price competition owing to their negligible selling and administration overheads. However, in the last few years, the market is becoming increasingly fashion and brand conscious and requires continuous innovation in design and fabric quality.

On international front, the textiles industry historically has been suffering from the quota regime imposed by the developed countries. This quota regime, formed under GATT, restricted the quantity of textile products (in different categories) that could be exported from India. However, this regime has since been dismantled w.e.f January 1, 2005 under the WTO regime. Now Indian exporters are free to export these products to the developed countries in direct competition on a level playing field.

#### Outlook on Opportunities and Threats

**International markets:** The demand is being driven by fashion trends and international retailers are shortening the duration of each season in an effort to generate more sales. As against 4 seasons in a year traditionally promoted by the stores, now the industry is working on 10 seasons for fashion accessories and 7 seasons for apparels. This has imposed increased demand on designing abilities, but has resulted into volume off-take. The improved technology being used by Indian apparels and fashion garments industry has also generated demand from other countries, which had never been on the Indian fashion exports map earlier.

**Domestic markets:** The Indian economy is experiencing increase in demand leading to a GDP growth. The access to information on international fashion trends readily available from TV and Internet has also increased the fashion and brand awareness of the Indians. The increasing brand and fashion consciousness is reflected in the growth of organized retail for fashion apparels. The growth is not going unnoticed by the international brands. They are taking greater interest in the Indian market, generating not just demand for increased manufacturing activity but also throwing open brand licensing opportunities.

#### Company overview

Our Company was originally incorporated with the object of development and manufacturing of headgears, specially base ball caps and high altitude jackets using cotton textile, leather and synthetic leather mainly for overseas clients. Later in 1998, our Company started manufacturing and exporting fashion bags, travel bags, school bags wallets, belts and scarves. Further expansion was undertaken in year 2000 to serve exports to GAP and J.Crew. Our Company has been continuously adding new products and new buyers in the fashion accessories segment. These are being produced presently at two factories with in-house facilities for fabrication, washing and embroidery.

#### Financial Performance

Our Company's financial performance has improved in the financial year ended March 31, 2006. This is due to the following factors:

- a. Improved availability of working capital with fresh funds inflow
- b. Tight operating cost control
- c. Change in product mix for improved margins – added bags for exports
- d. Access to better fabric sourcing due to volume growth and better liquidity

## Analysis on results of our operations

(Amount in Lakhs)

Particulars				For the period April 1, 2006 to September 30, 2006
	March 31 2004	March 31 2005	March 31 2006	
Exports	538.59	791.81	2870.30	1749.99
Domestic	0.00	2085.37	1861.95	1275.38
<b>Total Sales</b>	<b>538.59</b>	<b>2877.18</b>	<b>4732.25</b>	<b>3025.37</b>
% increase	(52.15)%	434.21%	64.48%	28.96%
Other Income	66.47	24.06	63.32	6.27
Increase/Decrease in Stock	(112.09)	168.76	60.50	144.18
<b>Total Income</b>	<b>492.97</b>	<b>3070.00</b>	<b>4856.07</b>	<b>3175.82</b>
<b>EXPENDITURE</b>				
Material Consumed	374.26	2239.35	2949.50	2298.88
% to Sales (after adjusting increase/ decrease in Stock)	90.30	71.97	61.05	71.22
Manufacturing Expenses	93.59	166.23	605.86	208.93
% to Sales	17.38%	5.78%	12.80%	6.91%
Personnel Expenses	68.77	68.38	154.33	104.08
% to Sales	12.77%	2.38%	3.26%	3.44%
Other Operating Expenses	114.45	136.43	261.98	98.42
% to Sales	21.25%	4.74%	5.54%	3.25%
Interest & Finance Charges	70.91	63.82	54.06	39.25
% to Sales	13.17%	2.22%	1.14%	1.30%
Depreciation	15.44	12.29	37.38	22.87
% to Sales	2.87%	0.43%	0.79%	0.76%
Profit Before Tax	(245.77)	382.18	751.38	403.39
Current Taxation	0.00	8.42	51.78	76.50
Deferred Tax	0.00	0.00	108.99	12.51
Profit for the year	(245.77)	373.76	590.61	314.38
Net Profit Margin	(45.63)%	12.99%	12.48%	10.39%

**a. Comparison of performance and analysis of developments for the period ended September 30, 2006 vis-à-vis financial year ended March 31, 2006**

The period was devoted to completing the acquisition of the new facilities and its refurbishing for early commencement of production. The existing facilities at Faridabad were used for sampling of knitted and woven garments as important customers, in both domestic and export markets, were approached for this new product range. Own export orders were executed by outsourcing the same. Both these factors have resulted in increased raw material costs, while the manufacturing costs declined.

**b. Comparison of performance and analysis of developments for the period ended March 31, 2006 vis-à-vis financial year ended March 31, 2005**

Our Company posted a growth of 63% in its sales. Exports increased from Rs. 754.44 lakhs to Rs. 1453.67 lakhs to account for increase in sales. Domestic sales also increased from Rs. 3105.13 lakhs to Rs. 3278.58 lakhs. This resulted in increased total income of our Company. Material costs moved down to 61.57% from more than 71% in the year ended on March 31, 2005. Increased manufacturing activity, however, resulted in an all round increase in expenses as the organization re-building got underway. Improved liquidity conditions resulted in reduced interest costs, both as a percentage to sales as well as in absolute terms. The increased organization cost has resulted in a marginal fall in the net profit margin to 12.21% from 12.99% in the year ended on March 31, 2005.

The increased performance was also partly on account of absorption of the partnership firm Evinix Consolidated in to the company. The firm had recorded a turnover of Rs. 196.42 lacs in the year ended March 31, 2005.

During the year ended March 31, 2006, our Company also initiated its plans to enter into the garments sector, for both domestic and export markets. It also commenced discussions with some leading domestic brands for licensing and supply arrangements for fashion accessories as well as garments. This was synchronized with its agreement for acquisition of a garment manufacturing facility in NSEZ.

**c. Comparison of performance and analysis of developments for the period ended March 31, 2005 vis-à-vis financial year ended March 31, 2004**

Our Company revived its operations in the fiscal 2004-05. With inflow of adequate working capital brought in by the new investors, sales increased to Rs. 2877 lakhs from Rs. 539 lakhs in the year ended on March 31, 2004. The earlier sale was entirely comprised of exports. Exports grew to Rs. 792 lakhs in year ended on March 31, 2005 while domestic sales were registered at Rs. 2085 lakhs, largely on the back of contract manufacturing and sale of value added fabrics.

Our Company's raw material cost as a percentage to sales also came down from 90.30% in year ended on March 31, 2004 to 71.97% in year ended on March 31, 2005. The improved liquidity condition enabled our Company to seek reduction in prices from raw material suppliers. Our Company exercised control on its personnel costs and other operating costs which were held nearly at the same level as that of year ended on March 31, 2004.

However, increased operations resulted in reducing these as a percentage of sales thereby improving profitability. The increased operations ensured that our Company turned the corner and it registered a net profit of Rs. 373.76 lakhs as against a loss of Rs. 245.77 lakhs in the year ended on March 31, 2004.

**d. Comparison of performance and analysis of developments for financial year ended March 31, 2004 vis-à-vis March 31, 2003**

The year ended on March 31, 2004 was a tough year for our Company. Sales reduced to less than half for that of the year ended on March 31, 2003 as the Company's operations got hampered due to tight liquidity conditions caused by operational losses during the year ended on March 31, 2003. This resulted in losses during March 31, 2004 also. The losses during March 31, 2004 also resulted from discounts demanded by customers owing to delays in shipment. As a result, raw material costs as a percentage increased to above 90%. The resulting liquidity conditions also resulted high finance costs despite efforts to contain them. As a result, our Company incurred losses of Rs. 245.77 lakhs in year ended on March 31, 2004.

**Information required as per clause 6.8 of the SEBI Guidelines:**

**a. Unusual or infrequent events or transactions:**

There have been no unusual or infrequent transactions that have taken place after the date of the last audited balance sheet, i.e. September 30, 2006.

**b. Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Volatility in foreign exchange may affect the revenues earned from exports. However, as our Company derives nearly 70% of its revenues from domestic market, any such impact can only be limited. Further, appreciation of Rupee will also mean a reduction in the cost of imported raw material thereby enabling our Company to retain its competitiveness.

As per the WTO agreement, the quota regime has been progressively dismantled over the last few years. While this is likely to encourage more off-take from India, it could also make China and Indonesia equally attractive source. Increased competition from low production cost countries like China, Bangladesh, and Vietnam etc. can be disadvantageous to our Company. However, the design and product re-engineering skill of the management will help our Company make a unique value-for-money product offering to its customers while retaining profitability. Also, due to international pressure, China has revalued its currency upward by 2.5% and there are moves afoot in the USA to impose tariff restrictions on imports of Chinese textiles. EU has also made Chinese apparels subject to anti-dumping duties. These developments may give an impetus to our Company's growth.

Except the above, there are no significant economic changes that materially affect or likely to affect income from continuing operations.

**c. Known trends or uncertainties**

Apart from the risks as disclosed in this Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

**d. Future relationship between costs and revenue**

- 1. Raw Material:** The proposed capacity expansion and addition of apparels will give increased bargaining strength to our Company for its fabric, trims and embellishments procurement. It will facilitate negotiation with suppliers for reducing cost of its procurement of fabric even for existing operations.
- 2. Personnel Costs:** In the normal course, increase in cut-and-sew operations would result in corresponding increase in personnel costs. However, large international buyers are very particular of quality and consistency. Hence, our Company proposes to install automated machines for cutting and stitching incorporating high levels of robotics. This would help retain growth in personnel costs at a level lower than the anticipated increase in production.

**e. Seasonality of business**

None of our Company's major products sold are seasonal in nature except for change in fashion trends. The type of fabric used also changes with the onset of summer or winter. However, demand for apparels and fashion accessories is there all round the year.

**f. Over dependence on Single supplier/Customer**

Our Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier.

Our Company's sales are made to a number of customers overseas and in India. It also enjoys brand licensing arrangements with three brands and sells its products through a large number of retail outlets for these brands in India. As such, there is no significant dependence on any one or any one group of customers.

**g. Total turn over of the Industry**

The Fashion Accessory segment, in which our Company operates, does not have a recognized association for monitoring and accumulation of industry data. Our Company manufactures and exports products made out of fabrics and textiles as primary segment

**h. Competitive conditions**

Our Company is in the fashion accessories and fashion apparels space. The industry largely consists of unorganized players, although over the last few years some organized sector players have also joined in. The presence of design skills is important as the products are fashion oriented. However, the unorganized sector cannot afford to have in-house design and sampling skills due to the high cost involved in this process. This gives an edge to the select few organized sector players with this skill and resource. Further, our Company has the ability to handle different kinds of materials like cotton, canvas, leather, jute and PU together to create these accessories. This is a strong point for our Company, which is derived from the presence of Mr. Sanjay Taneja, a whole-time director, who is technically qualified in this respect.

**i. New Products introduced during 2006.**

Our Company has introduced "Assembled Designer Labels" in fiscal year 2005-2006 and apparels during third quarter of the fiscal year 2006-07.

**Details of any encumbrances over the property of our Company and guarantees given by our Company to any other party:**

There are no other encumbrances over the property of our Company, except as mentioned in Annexure XIV entitled 'Secured Loans' as part of the Auditors report within the heading 'Financial Information' of this Red Herring prospectus.

**Details of Material Developments after the Date of Last Balance Sheet:**

There has been no material development since the date of last audited balance sheet viz. September 30, 2006



## SECTION VI - LEGAL AND OTHER INFORMATION

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions or tax liabilities against the Company, its directors, Promoters or companies promoted by its promoters that would have a material impact on the business of the Company and there are no defaults, non payment or statutory dues, institutional/bank dues and dues payable to holders of debentures, bonds and fixed deposits and arrears of preference shares that would have a material adverse effect on the business other than unclaimed liabilities by the Company or its directors, its Promoters or companies promoted by its promoters. Further, the directors, promoters or companies promoted by the promoters have not been declared as willful defaulter by Reserve Bank of India, and also have not been debarred from dealing in securities and/or accessing the capital markets by SEBI and no disciplinary action has been taken against them by SEBI or any stock exchanges.

**OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS***Outstanding Litigations Involving our Company***A. FILED AGAINST COMPANY**

Cases	No. of cases	Total Amount (Rs. In lakhs)
Criminal*	1	0.67
Labour	8	9.46
Suit under specific relief	1	Amount not ascertainable

**\*Criminal Cases** M/s Shariq Tanners Pvt. Ltd. vs. Mr. Sanjay Taneja, Director, Evinix Fashion Accessories Pvt. Ltd. & Others (under Section 138 of Negotiable Instrument Act, filed against the Company)(Complaint Case No. 953/2004)

M/s Shariq Tanners Pvt. Ltd. was supplying leathers to the Company. Two cheques issued to M/s Shariq Tanners Pvt. Ltd. amounting to Rs. 66,771 were dishonoured by the Company's banker due to the insufficiency of funds in the month of Nov/Dec., 2004.

M/s Shariq Tanners Pvt. Ltd. after due notice, instituted a complaint case under Section 138 of Negotiable Instrument Act in the court of ACMM, Kanpur Nagar, Kanpur. The Company had already issued a demand draft amounting to Rs. 66,771 on November 16, 2005 to M/s Shariq Tanners Pvt. Ltd. against the disputed amount, thus settling the dispute in its entirety. The parties have arrived at a compromise dated May 10, 2006. As per the terms of compromise the parties have agreed to withdraw the case in the Hon'ble court at the next date of hearing.

**Labour Cases**

There are eight labour cases pending against the company. The details of the same are as under:-

**1. Mr. Raj Kumar vs. Evinix Accessories (P) Limited (Reference no. 204/04)** The Company appointed Mr. Raj Kumar as an operator at a salary of Rs. 3,600 per month. He had resigned from service w.e.f. May 8, 2004 and collected a sum of Rs. 16413.65 as full and final settlement of all his dues. Mr. Raj Kumar has alleged that his service was illegally terminated on May 8th 2004 and has prayed for reinstatement with back wages. The matter is pending adjudication at the court of Addl. District Sessions Judge/ Presiding Officer, Labour Court- I, S.C.F. No. 3, Sector 9, Mkt. Faridabad. The next date for hearing is scheduled for May 30, 2007. If the case is decided in the favour of the petitioner the approximate liability as on January 10, 2007 shall be Rs. 1,14,800.

**2. Mr. Babuddin vs. Evinix Accessories (P) Limited (Reference no.202/04)**

The Company appointed Mr. Babuddin as an operator at a monthly salary of Rs. 3600. He had resigned from service w.e.f. May 8, 2004 and collected a sum of Rs. 14,492.15 as full and final settlement of all his dues. Mr. Babuddin has alleged that his service was illegally terminated on May 8th 2004 and has prayed for reinstatement with back wages. The matter is pending adjudication at the court of Addl. District Sessions Judge/ Presiding Officer, Labour Court- I, S.C.F. No. 3, Sector 9, Mkt. Faridabad. The next date for hearing is scheduled for May 30, 2007. If the case is decided in the favour of the petitioner the approximate liability as on January 10, 2007 shall be Rs. 1,14,800.

**3. Mr. Bir Singh vs. Evinix Accessories (P) Limited (Reference no.206/04)**

Mr. Bir Singh was appointed as an operator by the Company and was drawing monthly salary of Rs. 3600. He had resigned from service w.e.f. May 8, 2004 and collected a sum of Rs. 13,606.25 as full and final settlement of all his dues. Mr. Bir Singh alleged that his service was illegally terminated on May 8th 2004 and has prayed for reinstatement with back wages. The matter is pending adjudication at the court of Addl. District Sessions Judge/ Presiding Officer, Labour Court- I, S.C.F. No. 3, Sector 9, Mkt. Faridabad. The next date for hearing is scheduled for May 30, 2007. If the case is decided in the favour of the petitioner the approximate liability as on January 10, 2007 shall be Rs. 1,12,800

**4. Mr. Rahish vs. Evinix Accessories (P) Limited (Reference no.205/04)**

The Company appointed Mr. Rahish as an operator at a monthly salary of Rs. 3600. He had resigned from service w.e.f. May 8, 2004 and collected a sum of Rs. 15,507.85 as full and final settlement of all his dues. Mr. Rahish alleged that his service was illegally terminated on May 8th 2004 and has prayed for reinstatement with back wages. The matter is pending adjudication at the court of addl. District Sessions Judge/ Presiding Officer, Labour Court- I.S.C.F. No. 3, Sector 9, Mkt. Faridabad. The next date for hearing is scheduled for May 30, 2007. If the case is decided in the favour of the petitioner the approximate liability as on January 10, 2007 shall be Rs. 1,14,800.

**5. Mr. Nathu Ram vs. Evinix Accessories (P) Limited (Reference no.203/04)**

The Company appointed Mr. Nathu Ram as a checker at a monthly salary of Rs. 3600. He had resigned from service from May 8, 2004 and collected a sum of Rs. 13,291.85 as full and final settlement of all his dues. Mr. Nathu Ram alleged that his service was illegally terminated on May 8th 2004 and Mr. Nathu Ram has contended for reinstatement with back wages. The matter is pending adjudication at the court of addl. District Sessions Judge/ Presiding Officer, Labour Court- I.S.C.F. No. 3, Sector 9, Mkt. Faridabad. The next date for hearing is scheduled for February 14, 2007. If the case is decided in the favour of the petitioner the approximate liability as on January 10, 2007 shall be Rs. 1,14,800.

**6. Mr. Deva Nand vs. Evinix Consolidated (Reference no.181/04)**

Mr. Deva Nand was appointed as a checker at a monthly of Rs. 2400 by the Company. He had submitted his resignation on August 14, 2002 and collected his full and final settlement. Mr. Deva Nand has alleged that he was in continuous service of the Company June 1, 2004 and his service was illegally terminated on June 1, 2004. Mr. Deva Nand has contended for reinstatement with back wages. The matter is pending adjudication at the court of addl. District Sessions Judge/ Presiding Officer, Labour Court- I.S.C.F. No. 3, Sector 9, Mkt. Faridabad. The matter has been dismissed in default on September 9, 2006.

**7. Mr. Rang Bahadur vs. Evinix Consolidated (Reference no.33/04)** Mr. Rang Bahadur was appointed as an operator and was drawing a salary of Rs. 6,500 by the Company. His service was terminated by giving final notice on November 15, 2003 by the Company for continuous absenteeism from September 29, 2003 till the date of termination. Mr. Rang Bahadur has alleged that his service was illegally terminated on November 4, 2003. He has contended for reinstatement with back wages. The matter is pending adjudication at the court of addl. District Sessions Judge/ Presiding Officer, Labour Court- I.S.C.F. No. 3, Sector 9, Mkt. Faridabad. The next date for hearing is scheduled for March 15,. If the case is decided in the favour of the petitioner the approximate liability as on January 10, 2007 shall be Rs. 2,37,250.

**8. Mr. Ram Babu vs. Evinix Consolidated (Reference no.03/04)**

Mr. Ram Babu was appointed on August 2, 2002 by the Company. He submitted his resignation on September 29, 2003 and collected a sum of Rs. 6,706.35 as his full and final settlement. Mr. Ram Babu alleged that his service was terminated on September 30, 2003 without any reason. He has contended that he was working with the Company for last 7 years and the last salary was Rs. 3500. He has prayed for reinstatement with back wages. The matter is pending adjudication at the court of addl. District Sessions Judge/ Presiding Officer, Labour Court- I.S.C.F. No. 3, Sector 9, Mkt. Faridabad. The next date for hearing is scheduled for February 2, 2007. If the case is decided in the favour of the petitioner the approximate liability as on January 10, 2007 shall be Rs. 1,37,700.

**Suit for declaration under specific relief****Mr. R.S. Chauhan vs. Evinix Accessories Private Limited**

Mr. R.S. Chauhan was working as a Manager Personal and Administration with the Company from May 20, 2002 till May 20, 2005. Mr. R.S. Chauhan has instituted a suit for declaration under specific relief. He has accused that the company discharged him from his duty without any earlier intimation/show cause notice/charge sheet and this amounts to illegal termination of his service. He has maintained that the Company owes him ten months of salary, which was pending/due till the date of termination. He has also maintained that he was legally stopped at the gate of the Company while he approached the Company. The case on hearing on December 6, 2005. Since no one appeared on behalf of Mr. R.S. Chauhan, the case was dismissed by the Court. The matter is pending adjudication at the District Court, Faridabad, and Haryana

**B. FILED BY OUR COMPANY****Criminal Case Filed by the Company:**

## 1. M/s Evinix Consolidated Vs Dynamic India Private Limited (Complaint Case No. 931/2006)

M/s Dynamic India Private Limited has placed order for job work to M/s Evinix Consolidated, a unit of our company. M/s Dynamic India Private Limited issued a cheque amounting to Rs. 1,43,288/- towards the bill raised by M/s Evinix Consolidated. The bankers of the accused company dishonoured the cheque with the remark "Funds insufficient". The Company after due notice filed a complaint under section 138 of the Negotiable Instruments Act in the Court of Chief Judicial Magistrate, Faridabad. Summons were issued against the accused company. The next date of hearing is on January 20, 2007.

**C. Show Cause Notice****Notices Received by our Company:**1. **Labour Laws**

The Company has received a show cause notice number INS-3278/ADFBD (FBD-1)- 116/Rg-4016-1/2006, 6788, dated September 13, 2006 by the Directorate of Industrial Safety and Health, Haryana for violation of

1. non maintenance of white washing register
2. non maintenance of over time muster roll
3. non maintenance of Register of Leave
4. Non issuance of Leave Book to workmen
5. non submission of Half yearly return to CIF Haryana
6. inadequate ventilation in production section and bag unit
7. no separate latrines and urinals for women worker
8. inadequate precautions for danger of fire.
9. non maintenance of notices in Form No. 11.
10. non production of Factory Building Plan.

A reply to all the aforesaid offences had been sent by the Company on September 20, 2006.

The Company received another notice from the Assistant Directorate of Industrial Safety & Health, Haryana bearing no. 681 dated October 23, 2006 for violation of aforesaid clauses and asked the Company to reply within 15 days. The Company replied to the notice on October 30, 2006.

2. **Central Excise**

a.) The Company has received a show cause notice bearing no. C.No. IV(16)10/Prev/Div.IV/05/5742 dated August 24, 2006 from the officer of the Commissioner of Central Excise, Central Excise Commissionerate. In the said show cause notice, the Company was informed that on December 2, 2005 the Central Excise Officers visited the Unit-II of the Company by the Assistant Commissioner (Anti Evasion) and it was found that the Company was manufacturing the excisable goods namely bags made up of textile material classifiable under chapter heading 4202 of the central Excise Tariff Act, 1985 attracting the Central Excise Duty @ 16% advalorem and Education cess of @2% of BED. It was alleged in the said notice that the Company was not paying duty on the said excisable goods as the Company was claiming the exemption under notification no. 30/2004-CE dated July 9, 2004. It was thus alleged that the Company has violated the provisions of Rule 4 of the Central Excise Rules 2002 for clearing the excisable goods on which the duty was payable without payment of duty and Rule 11 as the Company did not issue the excise paid invoices for the clearance of goods and thus rendering it liable to penal action under Rule 25 of the said rules. The Company was asked to show cause why

1. central excise duty of Rs.36,31,727 be not imposed on the Company,
2. extended period of five years a envisaged under the proviso to Section 11 A of Central Excise Act, 1944 be not invoked against the Company.
3. interest under Section 11B should not be demanded.
4. penalty under Rule 25 be not imposed.
5. personal liability under Rule 26 should not be imposed on Mr. Rajeev Taneja.

The Company replied to the show cause notice by its letter dated 18th October 2006 pursuant to that the Company received a Notice for personal hearing bearing no. C.No. V(42)15/ADC/24/CEX/2006 dated December 12, 2006 from Office of the Commissioner of Central Excise requiring the Company to appear for a personal hearing on January 5, 2007 before the Additional Commissioner of Central Excise. The Company vide its letter dated January 3, 2007 requested the Commissioner of Central Excise to postpone the hearing due to non-availability of their advocate. The Commissioner of Central Excise has not yet responded to the Company on the same.

b) The Company has also received a Summons from the Office of the Commissioner of Central Excise, Faridabad bearing no. C.No. V(AE)20/10/2006/3128 dated 19th October 2006 requiring personal appearance to tender a statement in writing on November 1, 2006 in an enquiry instituting against the Company for evasion of Central Excise. We have been informed that the nature of inquiry relates to some shortage in the raw material found by the Office of the Commissioner of Central Excise during their visit to Faridabad factory of the Company on March 7, 2006. The Commissioner of Central Excise vide its letter bearing no. V(AE)20/10/2006/155 dated January 8, 2007 asked the Company to appear for personal hearing on January 16, 2007. The Company vide its letter dated January 15, 2007 has expressed its inability to attend the personal hearing and requested for the personal hearing to be held in the first week of February, 2007. The Commissioner of Central Excise has not yet responded to the Company on the same.

**3. Negotiable Instruments Act**

The Company has been served a legal notice from M/s Shivalik Global Limited on August 24, 2005 claiming outstanding payments of Rs. 1,00,878 pertaining to 2004-2005 period. The Company has made the full and final payment of Rs.1,00,878.70 through Cheque no. 524783 and Rs.33,472.56 through Cheque No. 524609 dated May 8, 2006 drawn on Bank of India and the receipt of the same was acknowledged by M/s Shivalik Global Limited vide their letters bearing no. SGL/EFAPL/0805/06 and SGL/EC/090506 both dated May 8, 2006.

**Notice issued by the Company**

M/s Evinix Consolidated, a unit of our company. Had undertaken stitching works ordered by M/s Keep in Touch Clothing Private Limited. The said company issued three cheque amounting to Rs. 2,02,930/- towards the bill raised by M/s Evinix Consolidated. The bankers of the said company dishonoured the cheque with the remark "Stop Payment". The company has served notice for the said amount to M/s Keep in Touch Clothing Private Limited on 12.11.2006.

**II. OUTSTANDING LITIGATION INVOLVING DIRECTORS AND PROMOTERS**

There are no litigation filed by or against the promoters and directors of the company

**III. OUTSTANDING LITIGATION INVOLVING GROUP COMPANIES**

There are no litigation filed by or against the group Companies of our Company

**GOVERNMENT APPROVALS**

The Company does not require any letter of intent or industrial license from the Gol for carrying out its current operations or those proposed in this Red Herring Prospectus. The Company also does not require any permission or approval from the Gol and various Gol agencies for proceeding with the proposed capital expenditure from the proceeds of the Issue except those mentioned in this Red Herring Prospectus. The Company does not require any further approval from any Gol authority or RBI to undertake the proposed activities save and except those consents and approvals, which it may require to take in the normal course of business from time to time.

The Company has received all the necessary consents, licenses, permissions and approvals from the Gol and various Gol agencies / private certification bodies required for our present business and no further approvals are required for carrying on the present as well as our proposed business except as mentioned herein. It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the Gol does not take any responsibility for our financial soundness or for the correctness of any of the statements or any commitments made or opinions expressed.

**We require various approvals to carry on our business in India and overseas. The details of approvals, licenses and permissions obtained or pending application by the company include the following:**

S. No.	License No.	Authority	Purpose	Validity	Remarks
1	U74210HR1996PLC035494	Registrar of Companies, NCT of Delhi & Haryana	Fresh Certificate of Incorporation upon conversion into public company	-	One time
2.	AEPC/REG/MFG/39739/N/96	Apparel Export Promotion Council	Registration as manufacturers, exporter	-	Valid

**Unit : Khasra No. 43 Sector 45, Mewla Maharajpur, Faridabad-121003**

S. No.	License No.	Authority	Purpose	Validity	Remarks
1	FBD/D-55/6400	Chief Inspector, Industries, Haryana	License under Factories Act		Renewal applied for
2	LOP No. 4-525/2001	Development Commissioner, NOIDA Special Economic Zone	Registration as 100% EOU	March 31, 2007	Valid
4	01/CPBW/EVL/2002	Deputy Commissioner PF Central Excise, Faridabad	Private Bonded Warehouse	March 31, 2007	Valid
5	0596019424	Office of Jr. Director General of Foreign Trade, Ministry of Commerce	Certificate of Importer Exporter Code (IEC)	Valid till cancellation or withdrawal	Valid
6	DE-002298	Exchange Control Department, RBI	Registration with RBI, for exporters	Valid till cancellation or withdrawal	Valid
7	HR/10186	Compliance with EPF Act	Compliance with EPF Act	One Time	Valid
8	13/28131/19	Compliance under ESI Act	Registration under ESI Act	One Time	Valid
9	05 05 12[NIL] 0068	Ministry of Commerce & industry, Govt of India	Member of Export Promotion Council for EOUs and SEZ Units	One Time	valid
10	HEPC/RO/R-2870/RTE-13196/2003-04	Handloom Export Promotion Council	Registration as Merchant Exporter	March 31, 2008	Valid
11	SR/MER/7865/2002-03	The Synthetic & Rayon Textiles Export Promotion Council	Registration as Merchant Exporter	March 31, 2008	Valid
12	MM/21780(98)-E	The Cotton Textiles Export Promotion Council	Registration as Manufacturer Exporter	March 31, 2009	Valid

S. No.	License No.	Authority	Purpose	Validity	Remarks
14	06031316762	Department of Excise and Taxation, Govt of Haryana	Registration under Haryana Value added Tax Act, 2003	One Time	Valid
15	TEMPC5819KXM001	Registration under Central Excise Act	Registration under Central Excise Act	One Time	Valid
16	FBD/HGST/1316762	Registration under Haryana General Sales Tax Act, 1973	Registration under Haryana General Sales Tax Act, 1973	Valid till March 31, 2008	Valid
17	HPSCB/Consent/2005/3232	Haryana State Pollution Control Board	Consent for Water /Air	Valid Till March 31, 2007	Valid
19	AABCE2573N	Income Tax Department	Permanent Account Number of the Company	One time	Allotted
20	RTKE00752D	Income Tax Department	Tax Deduction Account Number	One time	Allotted
21	997	Ministry of Commerce & Industry, Department of Commerce, NSEZ, Noida	Green Card	Valid upto March 31, 2007	Renewed

Unit: 14/3 Mathura Road, Faridabad, Haryana

S. No.	License No.	Authority	Purpose	Validity	Remarks
1	FBD/E-78/4420	Chief Inspector of Factories, Haryana	License under Factories Act	Applied for renewal	
2	06021212541	Department of Excise and Taxation, Govt of Haryana	Registration under Haryana Value added Tax Act, 2003	One Time	Valid
3	AAAFE6020CXM001	Department of Central Excise Act, GOI	Registration under Central Excise Act	One Time	Valid
4	HR/11027	Compliance with EPF Act	Compliance with EPF Act	One Time	Valid
5	13/28364/19	Employees State Insurance Corporation	Registration under ESI Act	One Time	Valid
6	AAAFE6020C	Income Tax Department	Permanent Account Number of the Company	One time	Allotted
7	RTKE00753E	Income Tax Department	Tax Deduction Account Number	One time	Allotted
8	HPSCB/Consent/2005/3598	Haryana State Pollution Control Board	Consent for Water /Air	Valid Till March 31, 2006	Renewal applied for 2006

**Unit: NSEZ, Noida**

<b>S. No.</b>	<b>License No.</b>	<b>Authority</b>	<b>Purpose</b>	<b>Validity</b>	<b>Remarks</b>
1	LOP No.01/01/2006- Proj/7292 ) dated April 20, 2006	Development Commissioner, NOIDA Special Economic Zone	Registration under SEZ Act	April 20, 2011	Valid
2.	ND 0344427	Uttar Pradesh Central Sales Tax Authority	Uttar Pradesh Central Sales Tax Act	Issued in July 2006	
3.	ND 5340314	Central Sales Tax Authority	Central Sales Tax Act	Issued in July 2006	

\* The Company has not received the approval under Water (Prevention and Control of Pollution) Act 1974 for discharge of effluent by the Uttar Pradesh State Pollution Control Board in respect of NSEZ Unit.

**MATERIAL DEVELOPMENTS**

**Significant development since the last audited balance sheet as on September 30, 2006 till the date of Red Herring Prospectus.**

No circumstances have arisen since the date of last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company.



## SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Issue**

The Issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on 7th Feb 2006, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the issue at the general meeting of the Company held on 10th March 2006.

**Prohibition by SEBI**

Neither the Company, nor its Promoters, its directors, any of its Group Companies, and the companies or entities with which directors of the Company are associated, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

None of the Promoters, their relatives, the Company or the Promoter Group Companies are detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

**Eligibility for the Issue**

Our company is eligible for the Issue as per Clause 2.2.2. of the SEBI Guidelines as explained under:

“2.2.2 An unlisted company not complying with any of the condition specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The Issue is made through the book-building process, with at least (50% of Net Offer to Public) being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a) (ii) The “project” has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the Issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

AND

(b) (i) The minimum post-issue face value capital of the Company shall be Rs. 10 crores.

OR

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid -ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%:

(c) The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed Issue of the company

**The following table shows the net tangible assets, monetary assets, distributable profits and net worth for the past five financial years in accordance with Indian GAAP:**

(Rs. in Lakhs)

Financial Year	2001-02	2002-03	2003-04	2004-05	2005-2006	1.4.06 to 30.9.06
Net Tangible Assets	1018.89	765.19	679.58	1184.19	2890.01	3232.09
Monetary Assets (Cash & Bank Balances)	45.02	28.63	19.23	25.40	89.41	37.18
Distributable Profit	71.73	(84.41)	(245.77)	373.76	572.99	314.38
Net worth	202.19	121.00	(123.46)	251.63	1620.52	1895.94

\* Net Tangible Assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities and non-trade investments.

\*\* Monetary Assets are defined as the sum of cash on hand, Non Trade Investments, Balance with Scheduled Bank in Current accounts and Fixed Deposits and balance with Post Office Savings account.

\*\*\* Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off)

Our Company is an unlisted company that does not comply with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and is therefore required to meet both the conditions set forth in Clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines, as specified above.

Our Company will comply with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 50% of the Net Issue shall be allotted to QIB's and in the event our company fails to do so, the full subscription monies shall be refunded to the Bidders **and our company will also comply with Clause 2.2.2(b)(i) of the SEBI Guidelines wherein the post-issue face value capital of our company shall be Rs. 1070 Lakhs, which is more than the minimum requirement of Rs. 1000 Lakhs (Rs. 10 crores).**

Further, our company will comply with Clause 11.3.5(i) and (b) of the SEBI Guidelines, and at least 15% and 35% of the Net Issue shall be available to Non-Institutional Bidders and Retail Individual Bidders, respectively.

Hence, our company is eligible for the Issue under Clause 2.2.2 of SEBI Guidelines.

**Further, in accordance with Clause 2.2.2A of the SEBI Guidelines,** our Company undertakes that the number of allottees in the Issue shall be at least 1,000, otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our company shall pay interest on the application money at the rate of 15% per annum for the period of delay. Further if at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

#### **SEBI DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOKRUNNING LEAD MANAGER, ALLIANZ SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING 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 RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER M/S ALLIANZ SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 23rd MAY 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

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

- D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**
- E. WE HAVE CERTIFIED OURSELVES ABOUT THE WORTH OF UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

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

**ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, NCT OF DELHI & HARYANA, IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.**

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

#### **DISCLAIMER FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGER**

Our Company, our Directors and the Book Running Lead Managers accepts no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and that anyone placing reliance on any other source of information, including our website, [www.evinix.in](http://www.evinix.in), would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Manager and the Company dated 9th May 2006 and the Underwriting agreement to be entered into between the Underwriters and the Company.

All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

Neither our Company nor BRLM or Syndicate Members shall be liable to the Bidders for any failure in downloading the bids due to faults in any software/ hardware system or otherwise.

#### **CAUTION**

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. Our company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India), who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs registered with SEBI. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes into is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Faridabad only.

No action has been or will be taken to permit a public offering in any jurisdiction where permission would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations

and the final Red Herring Prospectus has been filed with RoC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the US Securities Act (“the Securities Act”) or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.**

**Accordingly, the Equity Shares are only being issued and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.**

**DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE, the Designated Stock Exchange)**

Bombay Stock Exchange Limited (the Exchange) has given vide its letter dated October 30, 2006, permission to this Company to use the Exchanges name in this offer document as one of the Stock Exchanges on which this Companys securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner :-

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b. warrant that this Companys securities will be listed or will continue to be listed on the Exchange; or
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/33128-4 dated November 14, 2006, permission to the Issuer to use the Exchanges name in this Offer Document as one of the Stock Exchanges on which this Issuers securities are proposed to be listed. The Exchange has scrutinised this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuers securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

**DISCLAIMER CLAUSE OF CREDIT ANALYSIS & RESEARCH LIMITED (CARE)**

CARE's IPO grading is a one-time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee

the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not cognize of the price of the security and is not a recommendation to buy, sell or hold shares/ securities. It is 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 not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/ violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of IPO grading.

#### **FILING**

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai - 400021.

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 situated at Paryavaran Bhawan, CGO Complex, New Delhi 110003.

#### **LISTING**

The initial listing applications have been made to Bombay Stock Exchange Limited. (BSE) and The National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. Bombay Stock Exchange Limited. will be the Designated Stock Exchange.

***In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus and if such money is not repaid within eight days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.***

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 finalization and adoption of the basis of allotment for the Issue.

#### **CONSENTS**

Consents in writing of: (a) our Directors, the Company Secretary, Compliance Officer, the Auditors, Bankers to the Company; and (b) Book Running Lead Manager to the Issue, Registrars to the Issue and Legal advisors, Syndicate Members, Underwriters to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, NCT of Delhi & Haryana as required under Sections 60 of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of this Red Herring Prospectus, for registration with the Registrar of Companies, NCT of Delhi & Haryana.

M/s A. S Patwa & Co., Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, NCT of Delhi & Haryana.

#### **EXPERT OPINION**

No opinion of any expert has been obtained by the Company, except that of M/s A. S Patwa & Co., Statutory Auditors of the Company and Fox Mandal & Co., Legal Advisors to the Issue.

**PUBLIC ISSUE EXPENSES**

The expenses for this Issue includes issue management fees, selling commission, underwriting commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at approximately Rs. [.]Lakhs, details of which are as under:

(Rs. In Lakhs)

Activity	Amount (Rs. in lakhs)	% Of Total Issue Expenses	% Total Issue Size
Issue Management Fee	[.]	[.]	[.]
Registrars fees	[.]	[.]	[.]
Fee for Legal Counsel			
Printing and Distribution of Issue Stationery	[.]	[.]	[.]
Advertising and Marketing expenses	[.]	[.]	[.]
Other expenses(stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[.]	[.]	[.]
<b>Total</b>	[.]	[.]	[.]

\* Will be incorporated after finalisation of Issue Price

**Fees Payable to the BRLM, Underwriting, Brokerage and Selling Commission**

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the engagement letter dated 7th Feb 2006, with Allianz Securities Limited, copy of which is available for inspection at the Registered Office of our Company.

**Fees Payable to the Registrar**

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar dated 9th May 2006, copy of which is available for inspection at the Registered Office of our Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

**Previous Public and Rights Issues**

The Company has not made any public or rights issue since its inception, except as stated in the title "Capital Structure" on page 10 of this Red Herring Prospectus.

**Previous Issues of Shares Otherwise than for Cash**

The Company has not issued shares for consideration other than for Cash, except as stated in the title "Capital Structure" on page 10 of this Red Herring Prospectus.

**Commission and Brokerage paid on Previous Issues**

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since its incorporation

**Companies under the Same Management**

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which has made any capital issues during the last three years

**Promise v/s Performance – last issue of group/ associate companies**

Our Promoter companies is not listed and consequently we are not required to furnish details of promise v/s performance in respect of the last issues of our Promoter companies.

**Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments**

Our Company, since its incorporation has not issued any Redeemable Preference shares and debentures, bonds or other instruments.

**Stock Market Data for our Equity Shares**

This being the initial Public Issue of our Company, the Equity Shares of our company are not listed on any stock exchange.

**Mechanism for Redressal of Investor Grievances**

Our Company has appointed **Beetal Financial & Computer Services (P) Limited.**, as the Registrar to the Issue, to handle the investor grievances in co-ordination with Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bidder/Bank branch where the application was submitted. The Company will monitor the work of the Registrar to ensure that the grievances are settled expeditiously and satisfactorily.

**Disposal of Investor Grievances**

**Beetal Financial & Computer Services (P) Limited**, the Registrar to the Issue, will handle investor grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors. The Company assures that the Board of Directors, in respect of the complaints, if any, to be received, shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Taken
1.	Non-receipt of refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address notification	Within 7 days of receipt of Information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

The Company has appointed Mr. Dinesh Garg, Company Secretary of the Company, as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

**EVINIX ACCESSORIES LIMITED**

KH 43, Sector 45, Mewla Maharajpur,  
 Faridabad (Haryana) 121003  
 Phone No: +91 129 2439654/55  
 Fax No:+91 129 2437582  
 e-mail : investors@evinix.in  
 website: www.evinix.in

**Changes in Auditors**

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

**Capitalization of Reserves or Profits (during the last five years)**

The Company has not capitalized its profits or reserves at any time except as stated in the section titled "Financial Information" on page no. 74 of this Red Herring Prospectus.

**Revaluation of Assets (during the last five years)**

The Company has not revalued its assets during the last five years.

**SECTION VIII: ISSUE RELATED INFORMATION****TERMS OF THE ISSUE**

The Equity Shares being issued are subject to the provisions of the Companies Act, Company's Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Red Herring Prospectus, Prospectus, 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, Stock Exchanges, FIPB, 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 issued 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 of the Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our company after the date of allotment.

**Mode of payment of Dividend**

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956, if recommended by our board & declared at our general meeting.

**Face value and Issue Price**

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Red Herring Prospectus at a total price of Rs. [\*] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

**Compliance with SEBI Guidelines**

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and 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, refer to the section on "Main Provisions of Articles of Association of the Company" on page 127 Of this Red Herring Prospectus.

**Market lot and Trading lot**

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form.

**Since trading of our Equity Shares is compulsorily in dematerialized mode, the tradable lot is one Equity Share.**

Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares subject to a minimum Allotment of 50 Equity Shares.

**Nomination Facility to the Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason



of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in 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 an investor needs 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 public to the extent of the amount payable on application, including devolvement on Underwriters, if any, within 60 days from the Bid 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 (i.e., 60 days from the Bid Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

#### **Arrangements for disposal of odd lots**

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

#### **Subscription by Non-Residents, NRI, FIIS**

There is no reservation for any Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on same basis with the other categories for the purpose of allocation.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Faridabad, India.

#### **Withdrawal of the issue**

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

#### **Restriction on Transfer of Shares and Alteration of Capital Structure**

The restriction if any, on the transfer of our Equity Shares are contained in the section titled "Main Provisions of the Articles of Association of our Company beginning at Page 127 of this Red Herring Prospectus.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% book building method where in minimum 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers with 5 % of compulsory allocation to mutual funds only and the remainder of the Qualified Institutional Buyers 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. In the event minimum 50% of the Net Issue to public is not allocated to QIBs as above, the full subscription money shall be refunded to the bidders. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate Members. Our Company in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. For reasons to be recorded in writing, rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

### Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this 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 allotment 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 us to make the necessary changes in this 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 the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

### Who Can Bid?

- Indian nationals resident in India who are majors, or in the name of minor children as natural /legal guardian single or joint names (not more than three);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;

- Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- 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;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

**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.**

#### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall be first considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 87,500 Equity Shares allocation shall be made to Mutual Funds on a 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.

*As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

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 by Eligible NRIs**

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). 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:*

No single FII can hold more than 10% of our post-issue paid-up capital (i.e., 10% of 1,07,00,000 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid up capital or 5% of our total paid up capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route hence the Board and the shareholders may approve FII Investment up to 100%.

**Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.**

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 50 Equity Shares thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see “Maximum and Minimum Bid Size” at page no. 109 of this 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.
- 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 U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

*As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:*

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable to inform the investors for any amendments or modification 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 their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

#### **Maximum and Minimum Bid size**

**For Retail Individual Bidders:** The Bid must be for minimum 50 number of Equity Shares and in multiples of 50 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

**For Others (Non-Institutional Bidders and QIBs) Bidders:** The Bid must be for a minimum of such number of Equity Shares in multiples of 50 Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter. A Bid cannot be submitted for more than the net Issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its 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. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-off’.

#### **Information for the Bidders**

- The Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- The members of the Syndicate will circulate copies of this Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of the Company or from the BRLMs, or from a member of the Syndicate.

- i. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.
- ii. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorized agent (s) to register their Bids.

#### **Method and Process of bidding**

1. We, with the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus filed with RoC and publish the same and the Price Band in two national newspapers (one each in English and Hindi) and on websites of BRLM and Company as appearing on the cover page. This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended vide SEBI Circular no. SEBI / CFD / DIL / DIP / 14 / 2005 / 25 / 1 dated January 25, 2005. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
3. The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and on websites of BRLM and Company, as appearing on the cover page and at the terminals of the members of the Syndicate. the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding ten working days.
4. During the Bidding Period, the Bidders may approach 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.
5. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 110 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.
6. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding 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 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 paragraph "Build up of the Book and Revision of Bids" on page 113 of this Red Herring Prospectus.
7. The members of the Syndicate will enter each 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.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page 111 of the Red Herring Prospectus.

#### **Bids at Different Price Levels**

1. The Price Band has been fixed at Rs. 100 to Rs.120 per Equity Share of Rs. 10 each, Rs 100 being the lower end of the Price Band and Rs. 120 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Rs. 1 (One).
2. We, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi)and also indicating the change on the relevant websites of the BRLMs, Company and the terminals of the members of the Syndicate.
4. We, in consultation with the BRLMs, can finalise the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

5. 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 applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off 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 (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 of 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.1, 00,000, the Bid will be considered for allocation under the Non-Institutional category 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 of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded form the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs. 7,000. Our Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of Equity Shares) falling within the aforesaid range.

#### **Application in the Issue**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

#### **Escrow Mechanism**

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company 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 Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Accounts / refund account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

#### **Terms of Payment and Payment into the Escrow Collection Account**

Each Bidder, shall pay the applicable margin amount, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page 117 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. 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.

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 such time as the Designated Date. On the Designated Date, the Escrow Collection

Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders

Each category of Bidders (i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 28 this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

QIB bidders will be required to deposit a margin of 10% at the time of submitting their bids. After the Issue Closing Date / Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from QIBs.

If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

#### **Electronic Registration of Bids**

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. 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 regular basis. On the Bid Closing Date, the Syndicate Member 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 NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers as well as on the NSE's website at [www.nseindia.com](http://www.nseindia.com) and on the BSE's website at [www.bseindia.com](http://www.bseindia.com). A graphical representation of consolidated demand and price would be made available at the bidding centers 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 investor.** (Investors should ensure that the name given in the bid cum application Form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
  - **Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.**
  - **Numbers of Equity Shares bid for.**
  - **Bid price.**
  - **Bid-cum-Application Form number.**
  - **Whether payment is made upon submission of Bid-cum-Application Form**
  - **Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.**
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

- (g) Consequently, the member of the Syndicate also has the right to accept the Bid or reject it in case QIBs provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 120 of this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE and 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 the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

#### **Build Up of the Book and Revision of Bids**

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired numbers 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 unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of 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 the upward revision of the Bid at the time of one or more revision by the QIB Bidders.
- (f) 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 has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (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 the BSE shall be considered for application and allotment. In the event of a discrepancy of data between the Bids registered on the online IPO System and the Physical Bid Application Form, the decision of the Company in consultation with 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 shall analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category to bidders.
- (c) The allocation for QIBs i.e. 50% of the Issue Size would be proportionate. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Net Issue to Public, respectively, would be on proportionate basis in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.



- (d) Allocation to NRIs, FIIs, and Foreign Venture Capital Funds registered with SEBI applying on basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission, if applicable, for Allotment of Equity Shares to them.
- (e) The BRLM, in consultation with the Company shall notify the Syndicate Members 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 any time after the Bid/Issue Opening Date but before the Allotment without assigning reasons whatsoever.
- (g) In terms of 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) Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

#### **Filing of the Prospectus with the RoC**

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.

#### **Announcement of Pre-issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper with wide circulation.

#### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note**

- a) The BRLM or Registrars to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in the Issue.
- b) The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar. Subject to the SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for

any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its 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 Public Issue Account and the refund account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- (b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, 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.**

#### **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)
- c) Enter that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- e) Ensure that the bid is within the price bid
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application;
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where 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; and
- (j) Ensure that the Demographic Details are updated, true and correct in all respects.

##### **Don'ts:**

- a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b. Do not Bid for lower than minimum Bid size;
- c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e. Do not pay Bid amount in cash; postal order or by Stockinvest;
- f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000);
- g. Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- h. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- i. Do not submit bid accompanying with Stock Invest.
- j. Do not provide your GIR number instead of your PAN, as bid is liable to be rejected on those grounds

**Instructions for completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

**Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter subject to a maximum of Rs. 1,00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

**Bidder's Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to 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 credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

**Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/ Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Investors should note that the refund cheques will be overprinted with details of bank account as per the details received from the depository.

#### **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 & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Issuer reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIs, 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 submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 250 million and pension fund with the 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 with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

The 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 as the Company/BRLM may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the 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.

#### **Bids by NRI**

NRI Bidders will have to comply with the following:

1. Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's registered office or from members of the Syndicate or the Registrars to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (blue in colour).

#### **Payment Instructions**

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and

Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

#### **Payment into Escrow Account to the Issue**

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.

2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
  - (a) In the case of Resident QIB Bidders: “Escrow Account — Evinix - QIB-R”
  - (b) In the case of Non-Resident QIB Bidders: “Escrow Account—Evinix —QIB-NR”
  - (c) In the case of Resident Bidders: “Escrow Account—Evinix—R”
  - (d) In the case of Non-Resident Bidders: “Escrow Account—Evinix—NR”
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or an NRO Account.
5. In case of Bids by FIIs, FVCIs the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
7. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
10. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/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.

#### **Payment by Stockinvest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 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 shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form. The Members of the Syndicate may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

#### **OTHER INSTRUCTIONS**

##### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form (“First Bidder”). All

communications will be addressed to the First Bidder and will be dispatched to his or her address as per demographic details received from the Depository.

### Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

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 probable 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 are different, the same will be deleted from this master.
3. The addresses of all these applications from 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, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar DP ID and client identity numbers. In cases where applications bear the same numbers, these will be treated as multiple applications.
5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

### Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that 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 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), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

### Our Right to Reject Bids

In case of QIBs, our Company and the BRLM reserve the right to reject any Bid at the time of submission of Bid provided that the reasons for rejection are provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject bids based on technical grounds. 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.

**Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
4. Age of First Bidder not given;
5. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
6. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the 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 and QIB Bidders whose bid amount exceeds Rs. 1,00,000/-;
11. Bids for number of Equity Shares, which are not in multiples of 50 Equity Shares;
12. Category of Bidders not ticked;
13. Multiple bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stock invest/money order/ postal order/ cash;
16. Bids not duly signed by the sole/joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the Syndicate Member or the BRLM;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
21. Bids by OCBs;
22. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.
23. Bids by NRIs not disclosing their residential status.
24. Bids by QIBs not submitted through members of the Syndicate.

**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 de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated January 5, 2007 among NSDL, the Company and Beetal Financial & Computer Services Private Limited
2. An Agreement dated December 21, 2006 among CDSL, the Company and Beetal Financial & Computer Services Private Limited

Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. 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.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. 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.
6. 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.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
  - (a) The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.
  - (b) Non Transferable allotment advice or refund orders will be directly sent to the bidders by the registrar to the issue,

### COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

### Dispatch of Refund Orders

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine digit Magnetic Ink Character Recognition ("MICR") code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

### 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 15 centres: Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, 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 nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centres named hereinabove, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS. The Company, in consultation with the BRLM and the Registrar may decide to use the National Electronic Funds Transfer ("NEFT") facility for payment of refunds.
2. Direct Credit—Applicants having their bank account with the Refund Banker to the Issue, in this case being ICICI Bank Limited, shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company.
3. RTGS—Applicants having a bank account at any of the 15 centres detailed above, and whose Bid Amount exceeds Rs. 10 lakhs, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event of failure to provide the IFSC code in the Bid cum Application Form, the refund shall be made through the ECS or direct credit, if eligibility is disclosed. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
4. Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Some 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.



**Interest on refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date.

**PRE-ISSUE AND POST ISSUE RELATED PROBLEMS**

We have appointed Mr. Dinesh Garg, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Dinesh Garg  
 Company Secretary  
 Evinix Accessories Limited  
 KH 43, Sector 45,  
 Mewla Maharajpur,  
 Faridabad (Haryana) 121003  
 Ph: +91 129 2439654/55  
 Fax: +91 129 2437582  
 Email investors@evinix.in

**Procedure and Time Schedule for allotment of Equity Shares**

The Issue will be conducted through a "100% book building process" pursuant to which the syndicate members will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on February 12, 2007 and expire on February 15, 2007. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the stock exchanges

**Disposal of Applications and Applications Money and Interest in case of Delay**

We shall ensure despatch of allotment advice or refund orders and giving of benefit to the beneficiary account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the despatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and despatch of refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

We shall use our 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 seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

- i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- ii) We would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- iii) we shall pay interest at 15% per annum (for any delay beyond the 15 days 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 days time prescribed above as per the guidelines issued by the MoF pursuant to its 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 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 centers will be payable by the Bidders.

**IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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 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 Allocation****1. 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 portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 12,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 12,25,000 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. For the method of proportionate basis of allocation, refer below.

**2. 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 portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 5,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 5,25,000 Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares. For the method of proportionate basis of allotment refer below.

**3. For QIB Bidders**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at the price that is equal to or greater than the Issue price
- The allotment shall be undertaken in the following manner –
  - a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
    - i) In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
    - ii) In the event that the aggregate demand from mutual funds is less than 5% of 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 as (b) below;
  - b) In the second instance, allocation to all QIBs shall be determined as follows –
    - i) The number of Equity Shares available for this category shall be the QIB portion, allocation to mutual funds as calculated in (a) above.
    - ii) The subscription level for this category shall be determined based on the overall subscription in the QIB portion less allocation only to mutual funds as calculated in (a) above.
    - iii) Based on the above, the level of subscription shall be determined and proportionate allocation to all QIBs including mutual funds in this category shall be made.
    - iv) Except for any 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 not be more than 17,50,000 Equity Shares.

***Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 50% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded***

#### **Method of Proportionate Basis of Allocation**

In the event of the issue being over-subscribed, we shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lot on 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 portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion 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, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (d) If the proportionate allotment to a Bidder is a number that is more than 50 Equity Shares 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. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) 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;
  - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- (f) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

#### **Letters of Allotment or Refund Orders**

Our Company shall ensure dispatch of allotment advice, refund orders and give credit to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 working days of the finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, Our Company undertakes that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Despatch of refund orders or refund instructions to the clearing system shall be done within 15 days from the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders not dispatched to the applicants and/or Demat credit are not made to investors within 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner appearing under para "Dispatch of Refund Orders" on page no. 124 of Red Herring Prospectus within 15 days from the date of Bid / Issue Closing Date.

Our company will provide adequate funds for making refunds to unsuccessful applicants as per the mode disclosed under "Dispatch of Refund Order" appearing on page no. 124 of Red Herring Prospectus to the Registrars to the Issue.

**Bid/Issue Programme**

BID/ISSUE OPEN ON : FEBRUARY 12, 2007

BID/ISSUE CLOSE ON : FEBRUARY 15, 2007

**UNDERTAKING BY OUR COMPANY**

We undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) 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;
- (c) that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- (d) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- (e) that no further issue of Equity Shares shall be made until the Equity Shares Offered through this Red Herring Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under-subscription etc.

**UTILISATION OF ISSUE PROCEEDS**

Our Board of Directors certify that:

- (a) 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;
- (b) 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;
- (c) details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate 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

**Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI notified through press notes and press releases issued from time to time and FEMA and regulations, circulars and notifications issued thereunder. While the GoI policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, the FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the GoI, 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 and reporting requirements for making such investment. As per current foreign investment policies, foreign investment in power sector is allowed up to 100% under the automatic route.

**Subscription by Non-Residents / FIIs**

Under the FEMA, FIIs and NRIs are permitted to subscribe for shares of an Indian company making a public offer without prior RBI approval. It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs: No single FII can hold more than 10% of the post-Issue paid-up capital of the. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company where such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equitylinked notes or any other similar instruments against underlying securities listed or proposed to be listed on 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.

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with the SEBI. Accordingly, the holding by any venture capital fund should not exceed 25% of the corpus of the such venture capital fund.

*As per the current regulations, OCBs cannot participate in this Issue.*

The above information is given for the benefit of the Bidders. We, the BRLM are not liable for any amendments or modification 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.

**SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY****CAPITAL**

3. The authorised share Capital of the Company shall be such amount and be divided into such share as may, from time to time, be provided in clause V of the Memorandum of Association with power to increase or reduce the Capital and divide the shares in the capital of the company for the time being into Equity Share capital and Preference share Capital and to attach thereto respectively and preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these present and modify or abrogate any such rights, privileges, or conditions in such manner as may for the time being be permitted by the said Act.
4. Subject to the provision of the Act, 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 divide into shares of such amount and of such classes with such right and privilege attached thereto as the General Meeting shall direct by specifying the sum in the resolution and if no direction be given, as the Directors may determine.
5. The Company may subject to the provisions of Companies Act 1956:
- Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
  - Sub-divide its existing shares of any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provision of Clause (d) of Sub-section (1) of Section 94 of the Act.
  - Cancel any shares which, at the date of the passing of the resolution, have not been taken or agree 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 special resolution:
- Its share capital.
  - Any capital redemption reserve fund or any sharepremium account.

**SHARES AND CERTIFICATES**

7. Subject to the provisions of section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
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 hose name is entered on the Register of Members shall for the purpose of these Articles, be a shareholder.
9. 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.
10. If any shares stand in the names of two or more persons, the person first named in the register of member shall as regards receipt of dividend, bonus or service of notice and all or any other matters connected with the company, except voting at meeting 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 installments and calls in respect of such shares and for all incidents thereof according to the Company's regulations.
11. The Shares in the capital shall be numbered progressively according to their several denominations. Every forfeited or surrendered share shall, continue to bear the number by which the same was originally distinguished.
12. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.
13. 1. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

(a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at that date;

(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;

(d) After expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

2 Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the company in General Meeting, or

(b) Where no such 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 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:

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4 Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued by the company:

(i) To convert such debentures or loans into shares in the company; or

(ii) To subscribe for shares in the company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

14. 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 person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

15. Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.

16. (1) The money, if any, which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

(2) Every member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented, by his share or shares which may, for time being, remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

17. Except as required by law or order by a court of competent jurisdiction no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any enami, equitable, contingent future or partial interest in any share or any interest in any fractional part of a share (except only by these presents or by law otherwise provided or any other rights in respect of any share, except in an absolute right to the entirety thereof in the registered holder.

18. None of the funds of the Company shall be applied in the purchase of any shares of Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.

19. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

20. The certificates of title to shares and duplicates thereof, when necessary, shall be issued under the seal of the Company in accordance with the provisions of Section 84 of the Act and the Rules thereunder.

21. The certificate of shares registered in the name of two or more persons shall, unless otherwise directed by them, be delivered to the person first named on the Register of Members.

22. (a) The certificates of titles to shares and duplicate thereof when necessary shall be issued under the seal of the Company.

(b) Subject to the provision of Sec. 114, 115 & Regulation 40 to 43 of table 'A' in Schedule 1 to the Act and any directions in this regard, the Board may issue share warrants, on such terms and conditions as may deem fit.

(c) The Company may exercise the power of conversion of its shares into stock and in that case Regulations 37 to 39 to table 'A' in Schedule 1 to the Act shall apply. This clause shall not be applicable in the event of dematerialisation of the scrips with the permission of the Securities and Exchange Board of India, National Securities Depository Limited., and/or any other authority for the time being in force, in which event the rules relating to such dematerialisation as prescribed by the appropriate authorities shall apply.

23. Every member shall be entitled to one certificate for all the shares registered in his name, or if the Directors so approve to several certificates each for one or more of such shares, but in respect of each additional certificate, there shall be paid to the Company a fee of Rs. 2/- (Rupees Two) or such less sum as the Directors may determine. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. The Directors may in any case or generally waive the charging of such fees. This clause shall not be applicable in the event of dematerialisation of the scrips with the permission of the Securities and Exchange Board of India, National Securities Depository Limited., and/or any other authority for the time being in force, in which event the rules relating to such dematerialisation as prescribed by the appropriate authorities shall apply.

24. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, and a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or Requirements of any Stock Exchange or the Rules



made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. The provisions of this Article shall mutatis mutandis apply to debentures of the company.

25. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares 5 (five) per cent of the price at which the shares are issued, and in the case of debentures 2.5 (two and a half) percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly paid shares or debentures or partly in one way and partly in the other. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.

### **CALLS**

26. The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments, thereof made payable at fixed times and each member shall pay the amount of every call so made by him to the person and at the time and place appointed by the Directors. A call may be made payable by installments.

27. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed, not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call be paid.

28. The Board may, from time to time and at its discretion, extend the time fixed for the payment of any call and may extend such time as to call of any of the members who owing to residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.

29. 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.

30. If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or installments at fixed times, whether on account of the amount of shares or by way of premium every such amount or installment shall be payable as if it were a call duly by the Directors and on which due notice had been given and all provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

31. On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of shareholders of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debt.

32. The Board of Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the money so paid 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 members paying such sum in advance and the Directors agree upon. Moneys so paid in excess of the amount of calls shall not rank for dividends or participate in profits. The directors may at any time repay the amount so advanced upon giving to such member three month's notice in writing.

### **JOINT HOLDERS**

33. Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles:

(a) Shares may be registered in the name of any person, Company or other body corporate but not more than three persons shall be registered jointly as members in respect of any shares.

- (b) the certificate of shares registered in the names of two or more persons shall be delivered to the person first named on the Register.
- (c) The joint holders of share shall be jointly and severally liable to pay any calls in respect thereof.
- (d) If any shares stands in the names of two or more persons the person first named in the register shall as regards receipt of share certificates, dividends or bonus or service of notices and all or any other matter connected with the company, except voting at meetings, and the transfer of the shares be deemed as sole holder thereof but the joint holders of share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
- (e) In the case of the death of any one or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other persons.
- (f) If there be joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said persons so present whose name stands on the register of members shall alone be entitled to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present, at the meeting. Several executors or administrators of a deceased members in whose names shares stand shall for the purpose of these articles be deemed joint holders thereof.
- (g) A document or notice may be served or given by the Company on or to joint holders of a share by serving or giving the document or notice on the joint holder named first in the register of members in respect of the share.

#### **FORFEITURE AND LIEN**

34. If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the directors may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
35. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment on or before the time and at the place appointed the shares in respect of which such call was made or installment is payable to be forfeited.
36. If the requisition of any such notice as aforesaid be no complied with, any shares in respect of which such notice has been given may at any time thereafter before payment if all calls installments, interest and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
37. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to notice or to make such entry so aforesaid.
38. Any share so forfeited shall be deemed to be property of the Company and the directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.
39. The Board of Directors, may at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of annual the forfeiture thereof on such conditions as they think fit.
40. Any member whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment, at 12 (twelve) % per annum and Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.
41. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

42. A duly verified declaration in writing that the declarant is a director or secretary of the company and that certain shares in the company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposal.

43. The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

44. For the purpose of enforcing such lien, the directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member, his executors or administrators or his committee curators bonis or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice.

45. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to like lien for sums not presently payable, as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

46. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

47. Upon any sale, re-allotment or other disposal under the provisions of the proceeding Articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificates.

#### **INCREASE, REDUCTION AND ALTERATION IN AUTHORISED ISSUED AND SUBSCRIBED CAPITAL**

48. The Company may, from time to time, in general meetings by special resolution alter the conditions of its Memorandum of Association by increase of authorised share capital by creation of new shares of such amount as it thinks expedient.

49. Except so far as may be otherwise provided by the conditions of issue or by those, any capital raised by the creation of new shares shall be considered part of the original herein contained with reference to the payment of calls and installments, transfer and transmission forfeiture, lien, surrender, voting and otherwise.

50. The Company may (subject to the provisions of the Section 100 to 104 of the Act), from time to time, by Special Resolution, Reserve Account or Share Premium Account in any way authorised by law and in particular may pay off any paid up share capital upon the footing that it may be called up again or otherwise, and may, if and as far as is necessary, alter its Memorandum of Association by reducing the amount of its share capital and of its shares accordingly.

51. The Company may in general meeting subject to the provisions of the Companies Act, 1956 alter the conditions of Memorandum of Association as follows:

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
- (b) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum of Association, subject nevertheless to the Provisions of the Act and of these Articles.
- (c) Cancel shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.

52. The rights conferred upon the holders of the shares or any class issued with preferred or other right shall not, unless otherwise expressly provided by the term of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith, but in no respect in priority thereto.

53. Company can issue Preference Shares, whether convertible or non convertible, redeemable or otherwise and whether cumulative or otherwise, subject to Section 80, 80A, 81,87, 100, 106 and 107 and any other provisions of the Companies Act, 1956 and other approval/permission as may be applicable and subject to the conditions that :

(a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) the premium if any, payable on redemption must have been provided for out of the profits of the Company or Company's Share Premium Account before the shares are redeemed;

(d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction for the share capital of the company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

#### **MODIFICATION OF CLASS RIGHTS**

54. If at any time the capital by reason, of the issue of preference shares or otherwise is divided into different class of shares all or any of the right and privileges attached to each class may, subject to the Provisions of Section 106 and 107 of Act, be modified, abrogated or dealt with subject to:

(a) The consent of the holders of not less than three fourth of the issued shares of class, or

(b) The sanction of special resolution passed at a separate meeting of the holders of the issued shares of that class. To every such separate meeting, provision herein contained as to general meeting shall mutatis-mutandis apply.

55. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of the prescribed agreement or resolution passed under Article 46 to the Registrar of Companies.

#### **TRANSFER AND TRANSMISSION OF SHARES**

56. (a) The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

(b) The company shall keep at its Registered Office '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 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.

(c) The Company shall not register a transfer of shares in or debentures of the Company, unless proper instrument of transfer duly stamped of the Company, and executed by or on behalf of the transferor and transferee and specifying the name, address and occupation, if any of the transferee has been delivered to the company along with the certificate relating to the shares or debentures or if no such certificate is in existence along with the letter of allotment of shares or debentures provided that where on an application made in writing to the Company by transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that instrument of transfer signed by or on behalf of the transferor and transferee has been lost, the company may register on such terms as to indemnity or otherwise as the Board may think fit.

(d) An application for the registration of the transfer of any shares may be made either by the transferor or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee in accordance with section 110 of the Act.

(e) For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.

(f) Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a shareholder any person to whom the right to any share has been transmitted by the operation of law.

(g) Nothing in this article shall prejudice the power of the Board of Directors to refuse to register the transfer of any share to a transferee whether a member or not.

(h) A common form for transfer of shares shall be used.

57. Subject to the provision of section 154 of the Act, the Board shall have power on giving not less than 7 (seven) days' previous notice by advertisement in a newspaper circulating in the district in which the registered office of the company is situated to close the transfer books, the register of members or register of debenture holders at such times and for such period or periods, not exceeding in the aggregate forty five days in each year, as it may seem expedient.
58. Subject to the provisions of Section 111A, 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 refusal to the transferee and the transferor or to the person giving intimation of such transmission, 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
59. The executors or administrators or holders of a succession certificate or the legal representatives of a deceased not being one or two or more joint holders shall be only persons recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors, administrators or holders of succession certificate or the legal representatives unless they shall have first obtained Probate or letters of administration or Succession Certificate or other legal representation as the case may be, from a duly constituted court in the union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or letter of Administration or Succession Certificate upon such terms as indemnity or otherwise as the Board, in its absolute discretion may think necessary and under the next Article register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased member as a member.
60. Subject to the provisions of the preceding two Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he purports to act under these Articles or of his title as the Board think sufficient either be registered himself as the holder of shares or elect to have some person nominated by him and approved by the Board registered as such holder provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the shares.
61. The person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he was registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise a right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice have been complied with, subject to section 205A of the Act.
62. Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board.
63. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
64. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right title or interest to prohibiting registration.
65. If a dispute in relation to transfer/transmission is pending the right for bonus issue, rights issue or dividend payments shall be kept in abeyance till the determination of title to shares in accordance with provision of Sec. 205A of the Companies Act, 1956.
66. Subject to the provisions of Section 58A, 292 and 293 of the Act and regulations made through and directions issued by the RBI and of these Articles, the Board may, from time to time and at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance or calls or otherwise and raise or borrow or secure the payment of any sum or sums of money for the Company.
67. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by resolution passed at meeting of the Board (and not by

circular resolution) by the issue of debentures or debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being and debenture-stock and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

68. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

69. If any uncalled capital of the Company is included in or charged by any mortgage of securities, the directors may subject to the provisions of the Act and these presents make calls on members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

70. The Company shall comply with all the provisions of the Act, in respect of the mortgages or charges created by the Company and the registration thereof and the transfer of the debentures of the Company and the register required to be kept in respect of such mortgages, charges and debentures.

71. If the directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the company, the directors may execute or cause to be executed any mortgage, charges or securities over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

#### **RESERVE AND DEPRECIATION FUNDS**

72. The Board may, subject to the Companies (Transfer of profits to Reserves) Rules, 1975, from time to time, before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a Reserve Fund to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company for equalization of dividends or for repairing, improving and maintaining any of the property of the Company and for such other purposes of the Company as the Directors in their absolute discretion think conducive to the interest of the company and may invest the several sums so set aside upon such investments (other than shares of the Company) as they think fit and from time to time, deal with every such investment and dispose of all or any part thereof for the benefit of the Company and may divide the Reserve Fund into such special funds as they think fit, with full power to transfer the whole or any portion of a Reserve Fund to another Reserve Fund or a division of a Reserve Fund and also with full power to employ the Reserve Funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same.

73. The Directors may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company, as they think fit, as a depreciation fund applicable at the discretion of the directors for providing against any depreciation in the investments of the Company or for rebuilding, restoring, replacing or for altering any part of the buildings, work, plant, machinery or other property of the Company, destroyed or damaged by fire, flood, storm, tempest, earthquake, accident, riot, wear and tear or any other means whatsoever and for repairing, altering and keeping in good condition the property of the Company or for extending and enlarging the building, machinery and property of the Company with full power to employ the assets constituting such depreciation fund in the business of the Company and that without being bound to keep the same separate from the other assets.

74. All moneys carried to any reserve fund and depreciation fund respectively shall nevertheless remain and be profits of the Company applicable subject to, due provisions being made for actual loss or depreciation, for the payment of dividend and such moneys and the other moneys of the Company may be invested by the Directors in or upon such investments or securities as they may select or may be used as working capital or may be kept at any bank on deposit or otherwise as the Directors may, from time to time, think proper.

#### **GENERAL MEETINGS**

75. (1) In Addition to any other meetings, General Meetings, of the Company shall be held at such intervals as are specified in Section 166(1) read with section 210 (3) of the Act and subject to the provisions of Section 166 (2) of the Act, at such times and places as may be determined by the Board.

(2) Each such General Meeting shall be called Annual General Meeting. Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated.

76. All other meetings of the Company other than those referred to in the preceding clause shall be called Extraordinary General Meetings.

77. The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than 1/10 (one tenth) of the paid up capital of the Company as at that date carries the right of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the company and in the case of such requisition the provision of Section 160 of the Act shall apply.

78. Twenty-one days, notice at least of every General Meeting, Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting and the general nature of the business to be transacted there at shall be given in the manner hereinafter provided to such persons as are under these Articles or the Act entitled to receive notice from the Company provided that in the case of an annual meeting with consent in writing of all the members entitled to vote and in the case of any other meeting with the consent of the members holding not less than 95% (ninety five percent) of such part of the paid-up capital of the company as gives a right to vote at the meeting, a meeting may be convened by shorter notice. In the case of any Annual General Meeting, if any business other than (i) the consideration of the accounts, balance sheets and reports of the Board and Auditors, (ii) the declaration of dividend (iii) the appointment of directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of Auditors is to be transacted and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting a statement setting out all the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every director and manager (if any). Where any such item of business relates to or affects any other company the extent of shareholding interest in that other company of every Director and Manager if any, of the Company shall also be set out in the statement if the extent of such shareholding and interest is not less than twenty percent of the paid-up share capital of that other company. Where any item of business consists of the accord of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid. The Board of Directors, if they think fit, may convene a General Meeting including the Annual General Meeting of the Company by giving 7 (seven) days notice or a shorter notice thereof, subject, however, to the provisions of Section 171, 190 and 219 of the Act. It shall also not be necessary for Directors to annex explanatory statement to the notice calling a general meeting in case there is no special business in agenda as required under Section 173 (2) of the Act.

79. The accidental omission to give any such notice to or the non-receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceedings at any such meeting.

80. At least Five members present in person shall be a quorum for a General meeting. A corporation being a member shall be deemed to be personally present if it is represented, in accordance with Section 187 of the Act. The president of India or Governor of a State shall be deemed to be personally present if he is represented in accordance with Section 187 A of the Act.

81. If at the expiration of half an hour from the time appointed for holding a meeting of the company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next succeeding week which is not a public holiday at the same time and place or to such other day and such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour, from the time, appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

82. The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether annual or extraordinary, if there be no such Chairman of the Directors or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or shall decline to take the chair then any other Director present there at shall be entitled to take the chair and the members present shall elect another Director as Chairman and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their members to be Chairman.

83. The election of the Chairman, if necessary, shall be carried out in accordance with Section 175 of the Act

84. No business shall be discussed at any General Meeting except election of a Chairman while the chair is vacant.

85. The Chairman with the consent of the meeting may and shall if so directed by the meeting adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Subject to the provisions of the Act, it shall not be necessary to give any notice of an adjournment or of the date, the time or the place of the adjourned meeting or of the business to be transacted there at.

86. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered by the Chairman or demanded by at least five members having the right to vote on the resolution and present in persons or by proxy or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one tenth of the total sum paid-up on all the shares conferring that right and unless a poll is so demanded

a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the minutes book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

87. In the case of an equality of votes the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

88. If poll is demanded as aforesaid the same shall subject to Article 73 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place and either by open voting or by ballot as the Chairman shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons who made the demand.

89. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from the office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

90. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

91. The demand for a poll, except on the questions of the election of the Chairman and on adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

92. 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 on lien.

93. 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 members, 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.

94. That the Company shall hold Annual Meeting within six months of the closing of Accounts or 15 months from the date of last Annual General Meeting, subject to the provisions of Section 166 of the Act.

#### **VOTES OF MEMBERS**

95. No member shall be entitled to vote either personally or by proxy for another member at any General Meeting of a class of shareholders either upon a show of hands or upon poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has any right of lien and has exercised the same.

96. (a) On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity share whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.

(b) The voting rights of the holders of redeemable cumulative preference shares shall be in accordance with Section 87 of Companies Act, 1956.

97. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all of his votes or cast in the same way all the votes he use.

98. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy; if any member be a minor the vote in respect of his shares shall be cast by his guardian or any one of his guardians, if more than one.

99. (1) Subject to the provisions of these Articles votes may be given either personally or by proxy. A corporation being a member may vote by representative duly authorised in accordance with Section 187 of the Act, and such representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other respects exercise the rights of a member and shall be reckoned as a member for all purposes.

(2) Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or the hand of its officer or an attorney, duly authorised by it and any committee or guardian may appoint such proxy. The proxy, so appointed shall not have any right to speak at the meetings.



(3) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instruments of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

(4) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either the forms set out in Schedule IX of the Act.

(5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

100. (1) No objection shall be made to the validity of any vote, except at meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll.

(2) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

101. Subject to the provisions of Section 193 of the Act, the Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings there at and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours, in each day, as the directors may determine for the inspection of any member without charge. The minutes aforesaid shall be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in the said book which shall have its pages consecutively numbered. Each page of the book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman to sign as aforesaid within that period, by a director duly authorised by the board for that purpose. In no case shall the minutes be attached to any such book by pasting or otherwise.

## **DIRECTORS**

102. Subject to the provision containing in these Articles and the limitations imposed by the Companies Act, 1956, 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.

103. The following shall be the first Directors of the company.

- i) Mrs. Anuradha Taneja
- ii) Mr. Rajeev Taneja

104. Subject to sections 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve including nominee Director.

105. Subject to Section 313 of the Act, the Board of Directors of the Company may appoint an alternate director to act for a director (hereinafter in this Article called "the original director") during the absence for a period of not less than three months from the State in which the meetings of the board are ordinarily held.

106. The Directors shall have power, at any time and from time to time, to appoint any qualified person to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person as appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

107. The Directors also have power, at any time and from time to time, to appoint any other qualified person to be additional director as an addition to the Board so that the total number of directors shall not at any time exceed the maximum fixed in these Articles. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting, but shall be eligible for reelection at such meeting.

108. The company may agree with any financial institution, company or any other authority, person, state or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, it shall have power to nominate such number of directors on the Board of Directors of the Company as may be agreed and from time to time, remove and reappoint/replace them and to fill in the vacancy caused by such directors otherwise ceasing to hold office. Such nominated directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation. The director appointed under this Article is hereinafter referred to as "Institutional Director"

109. Any Trust Deed for securing debentures or debenture-stock may, if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock of some person to be a director of the Company and may empower such trustees or holders of debentures or debenture-stock, from time, to time remove any director so appointed. A director appointed under this Article is herein referred to as a "Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. A debenture director shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain such ancillary provisions as may be agreed between the Company and

the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained but however he shall be counted in determining the number of retiring directors.

110. No share qualifications will be necessary for being appointed as or holding the office of a director of the Company.

111. Subject to the provisions of Sections 198, 309, 311 and other applicable provisions of the Act, the remuneration payable to the Directors of the company may be as fixed by the Board of Directors of the company as the company in General Meeting shall, from time to time, determine subject to the overall limit as specified under the Act. The other relevant terms and conditions as may be decided by the Board of Directors from time to time.

112. Subject to the provisions of Section 310 and other applicable provisions of the Companies Act., 1956, the Sitting fees of each Director for attending the meeting of the Board or Committee thereof shall be upto such sum as may be permitted under the relevant provisions of the Companies Act as may from time to time, be fixed by the Board for each such meeting of the Board or Committee thereof attended by him.

113. The Directors may, subject to limitation provided by the Act allow and pay to any Directors who is not a resident of the place where the Registered Office for the time being of the Company is situated or where the meeting of the Board is held and who shall come to place for the purpose of attending a meeting of the Board or Committee thereof such sum as the directors may consider fair compensation for travelling expenses, in addition to his fees for attending such meeting as above specified.

114. Subject to the provisions of the Act and these Articles, if any directors be called upon to perform extra service or special exertions or efforts (which expression shall include work done by a director as a member of any committee formed by the directors) the Board may arrange with such director for such special remuneration for such extra services or special exertions or efforts by way of a fixed sum or otherwise and which may be either in addition to or in substitution for his remuneration above provided.

115. The continuing directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed the directors shall not except in emergencies or for the purpose of filling up vacancies or for summoning general meeting of the Company act as long as number is below the minimum.

116. The office of a Director shall ipso facto be vacated on happening of any of the event provided for in Section 283 of the Act.

117. Subject to the provisions of Section 297 of the Act, a director, shall not be disqualified from contracting with the company either as vendor purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such director or a firm in which such director or relative is a partner or with any other partner in such firm or with a private company of which such director is member or director be avoided nor shall the director so contracting or being such member or so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding office or of the fiduciary relation thereby established.

118. Every director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice renewable in last month of each financial year of the company as provided for in section 299, (2) (b) of the Act. That director is a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of the concern or interest in relation to any contract or arrangement so made and after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or the firm provided that such general notice is given at a meeting of the Board of Directors or the Director concerned takes reasonable steps to ensure that it is brought up and read at the first meeting of the Board after it is given. Provided that this Article will not apply to any contract or arrangement entered into or to be entered into between the company and any other company where any of the directors of the Company or two or more of them together holds or hold not more than 2% (Two Percent) of the paid up share capital in the other company.

119. A director of a company may be or become a director of any company promoted by the company or in which he may be interested as vendor, member or otherwise and no such director may be accountable for any benefit received as director or member of such company.

120. Subject to provisions of Section 300 of the Act, no director shall as a director take part in the discussions of or vote at any contract or arrangement in which he is in any way whether directly or indirectly concerned or interested nor shall his presence be count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to the exceptions provided for in Section 300 of the Act.

121. Except as otherwise provided by these articles all the directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

### **ROTATION OF DIRECTORS**

122. At the first annual general meeting of the company, all the directors (except those who are not liable to retire by rotation) and at the annual general meeting of the Company in every subsequent year one-third of such of the directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one third shall retire from office.

123. Subject to section 256 of the Act, the directors to retire by rotation under the last preceding Article at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot.

124. A retiring director shall be eligible for re-election.

125. Subject to provisions of the Act, the Company at the General Meeting at which a director retires in manner aforesaid may fill up to vacate office by electing a person thereto.

126. (a) If the place of retiring director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a public holiday, till the next succeeding

day which is not a public holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless :

(i) At that meeting or at the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost; or

(ii) The retiring director has, by a notice in writing addressed to the Company or the Board, expressed his unwillingness to be so re-appointed; or

(iii) He is not qualified for appointment; or

(iv) A resolution whether special or ordinary is required for appointment or re-appointment by virtue of any provisions of the Act; or

(v) The proviso to sub-section (2) of the Section 263 of the Act is applicable to the case.

127. Subject to the provisions of Section 252, 258 and 259 of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of directors and may alter their qualifications and the company may (subject to the provisions of Section 284 of the Act) remove any director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the director in whose place he is appointed would have held the same if he had not been so removed.

128. (a) No person, not being a retiring director, shall be eligible for election to the office of director at any General Meeting unless he or some other member intending to propose him has at least fourteen clear days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office and he for the purpose has deposited with the Company the requisite amount, as a security along with the notice as required under section 257 of the Companies Act, 1956,

(b) On the receipt of the notice referred to in clause (a) of this Article the Company shall inform its members of the Candidature of a person for the office of director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting provided that it shall not be necessary for the Company to serve individual notice upon the member if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the district in which the registered office of the Company is situated of which one is published in the English language and the other in the regional language.

129. (a) Every director (including a person deemed to be a director by virtue of the explanation of sub-section (1) of section 303 of the Act), Managing Director, Manager or Secretary of the company shall, within twenty days of his appointment to or as the case may be relinquishment of any of the above office in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (i) of Section 303 of the Act.

(b) Every director and every person deemed to be a director of the company by virtue of sub-section (10) of Section 307 of the Act, and every manager shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

### **PROCEEDINGS OF DIRECTORS**

130. (1) Subject to the provisions of Section 285 of the Act, the Board of Directors may meet the despatch of business, adjourn and otherwise regulate its meeting as it thinks fit.

(2) Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or minimum two directors, whichever is higher provided that where at any time the number of interested directors exceeds or is equal to two-thirds of the total strength the number of the remaining directors that is to say, the number of directors who are not interested directors who are not interested shall be the quorum during such time, provided such number is not less than two.

131. If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the directors present not being later than fifteen days from the date originally fixed for the meeting.

132. The Chairman, if any, or the Managing Director of his own motion or the Secretary of the Company shall upon the request in writing of two directors of the company or if directed by the Managing Director or Chairman, if any, convene a meeting of the Board by giving a notice in writing to every director for time being in India and at his usual address in India to every other director.

133. The directors may, from time to time, elect from among their number, a Chairman of the Board and determine the period for which he is to hold office. If at meeting of the Board the Chairman is not present within fifteen minutes after the appointment for holding the same, the directors present may elect one of their members to be Chairman of the meeting.

134. Questions arising at any meeting of the board shall be decided by a majority of votes and in case of equality of votes, the Chairman shall have a second or casting vote.

135. A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities powers and discretions which by or under the Act or the Articles of the Company are for time being vested in or exercisable by the Board generally.

136. (i) Subject to the provisions of section 58 A and 292 of the Companies Act 1956, and the Rules made thereunder and Directions issued by RBI the Directors may, from time to time, and at their direction, 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 respect as they think fit without or on security of all or any part of the movable and immovable properties of the company and in particular, debentures or debentures stock of the Company charges 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.

(ii) The Debenture-stock or other securities may be issued at par, discount or premium and with any special privileges and conditions as to redemption, appointment of Directors, conversion into shares and otherwise.

(iii) Where a charge of the nature referred to in Section 125 of the Act is created by the Company, the Company shall within 30 (Thirty) day after its creation, file the particulars of the charge along with the necessary documents with the Registrar of companies in accordance with the 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.

137. Subject to the restrictions contained in Sections 292 and 293 of the Act, the Board may delegate any of their powers to a committee of directors consisting of such director or directors or one or more directors and a member or members of the Company as it thinks fit or to the Managing Directors, the Manager or any other principal officer of the company or a branch office or to one or more of them together and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes but every Committee of the Board. So formed in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board provided that such delegation shall not be in respect of matters enumerated in sub-clauses

(a), (b), (c), (d) or (e) of clause (l) (as modified by explanations II thereof) of section 292 of the Act save and except that the said powers may be delegated only to the extent permitted by and subject to restrictions and limitations contained in clause (2), (3) and (4) of Section 292 of the Act.

138. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors so far as the same applicable thereof and are not superseded by any regulations made by the directors under the last preceding article.

139. A resolution shall be deemed to have been duly passed by the Board or a Committee thereof by circulation, if the resolution has been circulated in draft, together with the necessary papers, if any to all the directors or to all the members of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other directors or members of the Committee at their usual address in India and has been approved by such Directors or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.

140. All acts done by any meeting of the Board or by a Committee of the board or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them has been terminated by virtue of any provisions contained in the Act or in these Articles be as valid as if every such person has been duly appointed and was qualified to be a director and had not vacated his office or his appointment had been terminated provided that nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated.

141. The Company shall cause minutes to be duly entered in a book or books provided for the purpose :

- (i) of the name of the Directors present at such meeting of the Board, and of any committee of the Board;
- (ii) Of all orders made by the Board and Committee of board;
- (iii) Of all resolution and proceedings of the meetings of the Board and committees of the board; and
- (iv) In the case of each resolution passed at a meeting of the Board or Committees of the board the names of those directors, if any, dissenting from or not concurring in the resolution. Every such book shall be maintained and the minutes entered therein and signed in the manner laid down by Section 193 of the Act and the minutes so entered and signed shall be received as conclusive evidence of the proceedings recorded therein.

## **POWERS OF THE BOARD**

142. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things the Company is authorised to exercise and do provided that the Board shall not exercise any power to do any act or thing which is directed or otherwise required whether by the Act or in other statute or by the Memorandum of Association of the Company or by these Articles or otherwise to be exercised or done by the Company, in General Meeting provided further that in exercising any such power or doing any such act or thing.

The Board shall be subject to the provisions in that behalf contained in the Act or any other Act or in the Memorandum of Association of the company or these Articles or any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the board which would have been valid if those regulations had not been made.

143. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by the Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the directors shall have the following powers, that is to say power:-

- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the company.
- (2) To pay and charge to the capital account of the company any commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act.
- (3) Subject to Sections 292, 297 and 360 of the Act, to purchase or otherwise acquire for the Company property rights or privileges which the company is authorised to acquire at or for such price or consideration and on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the directors may believe or may be advised to be reasonably satisfactory.
- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partly in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully as paid-up or with such amount credited as paid-up thereon as may be agreed upon

and any such bonds, debentures, mortgages, or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any member, so far as may be permissible by law, surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(7) To appoint any person to accept and hold in trust for the Company any property belonging the Company or in which it is interested or any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustees.

(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer any differences to arbitration either according to Indian Law or according to any foreign law and either in India or abroad, and observe, perform or challenge any award made thereon.

(9) To Act on behalf of the Company in all matters relating to bankrupts or insolvents.

(10) To make and give receipts, release and other discharges for money payable to the company and for the claims and demands of the Company.

(11) Subject to the provisions of Section 292, 293, 295, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company, upon such security (not being shares of this company), or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investment shall be made and held in the company's own name.

(12) To execute in the name and on behalf of the Company in favour of any director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements shall be agreed upon.

(13) To determine from time to time, who shall be entitled to sign, on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, release contracts and documents and to give the necessary authority for such purpose.

(14) To distribute by way of bonus amongst the staff of the company, a share in the profits of the company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the company.

(15) To provide for the welfare of directors, ex-directors or employees or ex-employees of the Company and the wives, widows and families or the dependants or connection of such persons by building or contributing to the building or houses, dwelling or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing contributing to provident and other association, institutions, funds or trusts and by providing or subscribing or contributing towards places of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance, subject to the limits laid down by Section 293 and 293A of the Act as the Board shall think fit and subject to provisions of the Act to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable, benevolent, religious, scientific, national or other institutions bodies and objects which shall have any moral or other claim to support or and by the company, either by reason of locality of operation or of public and general utility or otherwise.

(16) Subject to the provisions of the Act to appoint and at their discretion, remove or suspend such general managers, managers, secretaries, assistants, supervisors scientists, technicians, engineers, consultants legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their power and duties and fix their salaries or emoluments or remuneration and to require security in such instances and of such amount as they may think fit and from time to time, to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think.

(17) To comply with the requirements of any local law which in their opinion it shall in the interest of the company, be necessary or expedient to comply with.

(18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Board and to fix their remuneration.

(19) Subject to Section 292 and 293 of the Act, from time to time and at any time, to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board and to authorize the member for the time being of any such local board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the board thinks fit and may at any time remove any person so appointed and may annual or vary such delegation.

(20) At any time and from time to time by power of attorney under the Seal of the Company, to appoint any person or persons to be the attorney of the company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may, from time to time, think fit and any such appointment may (if the Board think fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favour of any company or the shareholders, directors, director nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorneys may contain such powers for the protection or convenience of persons dealing with such attorney as the Board may think fit and may contain powers enabling any such delegate or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(21) Subject to Section 294, 294-AA, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(22) Subject to Section 293 of the Act, to sell, lease or otherwise dispose of any of the properties or undertakings of Company.

(23) Subject to the provisions of Companies Act, 1956, the Board may pay such remuneration to Chairman / Vice Chairman of the Board upon such conditions as they think fit.

#### **MANAGING DIRECTOR**

144. The Board of Directors may, from time to time, subject to section 197 Aof 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 set aside if he/ they cease to be Director/Directors.

145. 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 its 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 or by these presents are or may be expressly directed to be exercised by the Company in a General Meeting or may be expressly directed to be exercised by the company in a General Meeting or by the Directors, provided that on subsequent irregulation shall invalidate any prior act of the Managing Director which would have been valid, if such regulation had not been made.

146. (i) Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof the Board may, from time to time, entrust to and confer upon the Managing Director or Managing Directors for the time being such of the powers exercisable under these presents by Directors as they may think fit and may confer such power for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think fit; and they may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the directors in that behalf and may, from time to time revoke withdraw, alter or vary all or any of such powers and as may be mentioned elsewhere in the Articles.

(ii) Without prejudice to the general powers and to any other power or authority conferred by these Articles and subject to the provisions of the Act, the Managing Director shall have the following powers exercisable under the superintendence and control of the Board of Directors until otherwise decided by the Board or by the Company in a General Meeting.

a) To purchase or otherwise acquire for the Company any property rights or privileges which the Company is authorised to acquire and to sell, let, exchange or otherwise dispose of 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.

b) To enter into, carry out, rescind or vary all financial arrangements with the banks, persons, companies, corporations or other bodies for or in connection with the business of the Company.

c) 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 the RBI to raise or borrow, from time to time, and at his direction, any sum or 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 and 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.

d) To appoint, from time to time, and at his direction, for the purposes 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 and duties and at his discretion to terminate the services of any one or more of them, as he may deem expedient.

e) 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 Government 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.

f) To make, draw, sign, accept, endorse, negotiate and otherwise execute on behalf of the Company, 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.

g) Subject to the overall limit, fixed by the Board of Directors under section 292 of the Companies Act, 1956 to invest and 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 realise or otherwise deal, with such securities and investments.

h) To 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 aforesaid or otherwise for the business of the company.

#### **APPOINTMENT AND POWERS OF MANAGING DIRECTORS**

147. (1) Subject to the provisions of the Act, the Board may appoint or reappoint one or more of their number as Managing Director or Managing Directors at such conditions as they think fit provided that the appointment or reappointment in any case shall not exceed five years.

(2) A Managing Director shall not, while he continues to hold that office, he subject to retirement y rotation, but he shall be reckoned as a Director for the purpose of fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the company) he shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall, IPSO facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director for any cause.

(3) Subject to the provisions of the Act and to the general supervision and control of the Board, any Managing Director or Managing Directors shall have the general direction, management and superintendence of the business of the Company with power to do all acts; matters and things deemed necessary, proper or expedient for carrying on the business and concerns of the Company, including power to appoint, suspend and dismiss officers, staff and workmen of the Company, to make and sign all contracts and receipts and to draw, accept, endorse and negotiate on behalf of the Company all such Bills of Exchange, Promissory Notes, Hundies, Cheques, Drafts, Government Promissory Notes, or other Government papers and other instruments as shall be necessary, proper or expedient for carrying on the business of the Company and to operate on the bank accounts of the company and to represent the company in all suits and all other legal proceedings and to engage Solicitors, Advocate and other Agents and to sign the necessary papers, documents and instruments of authority, to appoint agents or other attorneys and to delegate to them such powers as the Managing Director or Managing Directors may deem fit and at pleasure, such powers to revoke and generally to exercise all such powers and authorities as are not by the Companies Act, 1956 for the time being in force or by these Articles expressly directed to be exercised by the Board of Directors or by the Company in General Meeting.

(4) The Managing Director or Managing Directors shall not exercise the powers to:

(a) make calls on shareholders in respect of money unpaid on their shares in the Company.

(b) issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 and 293 of the Act, shall also not exercise the powers to

(c) borrow moneys, otherwise than on debentures,

(d) invest the funds of the Company, and

(e) make loans.



- (5) The Company shall not appoint or employ, or continue the appointment of a person as its Managing or whole time Director who
- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent;
  - (b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made a composition with them; or
  - (c) is, or has at any time been, convicted by a Court of an offence involving moral turpitude.

148. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may, from time to time, be approved by the Company.

149. Subject to the provisions of the Act, the Managing Director or Managing Directors shall not, while he or they continue to hold that office, be subject to retirement by rotation in accordance with these Articles, but he shall be counted for determining the number of retiring directors.

#### **MINUTES**

150. (i) The Directors shall respectively cause minutes of all proceedings of general meetings and of all proceedings at meetings of Board 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.

(ii) The minutes of each meeting shall contain:-

- a) the fair and correct summary of the proceedings thereat.
- b) the names of the Directors present at the meeting in case of meeting of Board or Committee of Board.
- c) the names of the Directors, if any, dissenting from or not consenting to the resolution, In the case of cacti resolution passed at the meeting of Board or Committee of Board.
- d) all appointments of officers made at any meeting.

(iii) Any such minutes, purporting to be signed in accordance with the provisions of section 193 of the Act, shall be evidence of the proceedings.

#### **DIVIDEND**

153. Subject to the rights of member entitled to share (if any) with preferential or special rights attached thereto the profits of the Company which shall, from time to time be determined to be divided in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company, subject to the Section 205(2B) or any other provisions, if any, applicable of the Companies Act, 1956. Payment of Dividend to Equity Shareholders will be subject to the compliance of terms of issue of Preference Share, Redeemable reference Shares, Cumulative Redeemable Preference Shares or Cumulative Convertible Preference Shares, but so that a partly paid-up share shall only entitle the holder with respect thereto such proportion of the distribution upon a fully paid-up shares as the amount paid thereon bears to the nominal amount of such shares and so that where capital is paid-up in advance of call upon the footing that the same shall carry interest such capital shall not, whilst carrying interest confer a right to participate in profits.

154. (i) The company in General Meeting may declare a dividend to be paid to the members according to the rights and interest in the profits and may fix the time for payment.

(ii) No larger dividend shall be declared than is recommended by Directors but the Company in general meeting may declare a smaller dividend.

(iii) No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits.

155. Where any assets, business or property is bought by the Company as from a past date upon the terms that the Company shall as from date that take the profits and bear the losses thereof such profits and losses as the case may be shall at the direction of the Directors, be so credited or debited wholly or in part to the Profit and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining the fund available for dividends be treated as a profit or loss arising from the business of the Company and available for dividend accordingly. If any shares or securities are purchased with dividend or interest such dividend or interest wholly paid may at the discretion of the directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof.

156. The amount of the net profits of the company as shown in audited annual Account shall be conclusive.

157. The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

158. Subject to Section 205A of the Act, the Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts liabilities or engagements in respect of which the lien exists.

159. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due to the Company.

160. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer and pending registration of transfer the dividend shall be dealt with as required under section 205A of the Companies Act, 1956.

161. Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the persons to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. If several persons are registered as joint holders of any shares, any one of them can give effectual receipt for any dividend or other moneys payable in respect thereof. The Company shall comply with the provisions of Section 205A of the Act and rules made thereunder in respect of any unclaimed or unpaid dividend. There shall be no forfeiture of unclaimed dividend before the claim barred by law.

162. Where the company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called " Evinix Accessories Limited Unpaid Dividend Account " Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

#### **CAPITALISATION**

163. Any General Meeting may resolve that any money investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or reserves or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full any unissued shares, of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum provided that any sum standing to the credit of a share premium account or a capital redemption reserve fund may for the purpose of this Article only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

164. A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

165. For the purpose of giving effect to any resolution under the preceding two Articles the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates.

## SECTION X –OTHER INFORMATION

### **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) 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, have been delivered to the Registrar of Companies, Delhi & Haryana, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company, from 10.00 a.m. to 4.00 p.m. on any working day from the date of the Red Herring Prospectus until the date of closing of the Issue.

#### **Material Contracts**

1. Memorandum of Understanding dated 9th May 2006 signed between the Company and Allianz Securities Limited, the BRLM to the Issue.
2. Memorandum of Understanding, dated 9th May 2006 signed between the Company and Beetal Financial & computer Services(P) Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated January 5, 2007 between NSDL, the Company and Registrar to the issue.
4. Copy of the Tri-partite Agreement dated December 21, 2006 between CDSL, the Company and Registrar to the issue.
5. Escrow Agreement dated [\*] among our Company, the BRLM, Escrow Collection Banks and Registrars to the Issue.
7. Syndicate Agreement dated [\*] among our Company, the BRLM and the Syndicate Members.
8. Underwriting Agreement dated [\*] among our Company, the BRLM and Syndicate Members.

#### **Documents for Inspection**

1. Our Memorandum and Articles of Association, as amended from time to time.
2. Certificate of Incorporation of Evinix Fashion Accessories Pvt Limited dated May 1, 1996.and that of Evinix Accessories Pvt Limited due to change of name dated 20th March 2003.
3. Certificate of incorporation of Evinix Accessories Limited due to change of name on conversion to public limited company dated 3rd Feb 2006.
4. Copy of special resolution passed at EGM dated 10th March 2006 and resolution of board meeting dated 7th Feb 2006 authorizing the Issue of Equity Shares.
5. Resolution of General body meeting for appointment and remuneration of our Managing Director/Whole Time Directors.
6. Copy of agreement between Finesse Export Pvt Limited and our company dated 7th Dec 2005 to acquire the assets of unit situated at Plot No. 138, NEPZ,Noida and supplementary/extension agreement dated 9th March 2006.
7. Copies of quotation obtained for plant and machinery and misc fixed assets
8. Copies of letters to BSE & NSE regarding In-principle approval for Listing.
9. Copies of In-principle approvals from BSE & NSE dated 30.10.2006 and dated 14.11.2006 respectively.
10. Copies of Auditors Reports issued by Statutory Auditors of the Company M/s A. S Patwa & Co., Chartered Accountants, regarding reinstated financials of the Company for last 5 financial years and period ended September 30, 2006, dated January 4, 2007 and Certificate dated January 4, 2007 regarding the deployment of funds in relation to the expansion programme till that date.
11. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s. A. S Patwa & Co, Chartered Accountants, dated December 12, 2006.
12. Copy of letter dated January 16, 2007 from Legal Advisors for the vetting and approval of the Red Herring Prospectus.
13. Consent letters from Directors, Book Running Lead Manager to the Issue, Bankers to the Company, Auditors, Legal Advisors to the Issue, Registrar to the Issue, Company Secretary & Compliance Officer, Bankers to the Issue to act in their respective capacities and for inclusion of their names in the Red Herring Prospectus.
14. Copies of Annual Reports of the Company for the last 5 accounting periods i.e. FY 2002, FY 2003, FY 2004, FY 2005, FY 2006 and for the period from April 1, 2006 to September 30, 2006.
15. Copy of letter of LOP from Development Commissioner, NSEZ,Noida (LOP No.01/01/2006-Proj/7292 ) dated 20th April 2006
16. Copy of Sanction letter of term loan of Standard Chartered Bank, dated 20th April 2006
17. Due Diligence Certificate dated 23rd May 2006 issued by BRLM to the Issue, Allianz Securities Limited.
18. A Copy of the SEBI observation letter no. CFD/DIL/NB/JAK/80365/2006 dated November 22, 2006 and reply filled dated January 18, 2007.

**DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS OF EVINIX ACCESSORIES LIMITED**

Sd/-  
Mr. Rajeev Taneja  
Managing Director

Sd/-  
Mr. Sanjay Taneja  
Director-Operations

Sd/-  
Mr. A.K Singhal  
Director- Finance & Accounts

Sd/-  
Mr. Saiyed Muzaffar Ishtiaque  
Director

Sd/-  
Mr. Prashant Panda  
Director

Sd/-  
Mr. Piyush Gupta  
Director

Date: January 23, 2007  
Place: Faridabad, Haryana