



PROSPECTUS

SHIVALIK GLOBAL LIMITED

(Incorporated on July 22, 1997 under the Companies Act, 1956 as a Public Limited Company in the NCT of Delhi & Haryana as "Shivalik Global Limited" and obtained the Certificate of Commencement of business on. August 8, 1997.)

Registered Office: Unit No. 111, Block No. 1, 1st Floor, Tribhuwan Complex, Ishwar Nagar, New Delhi – 110065

(The Registered Office of the Company was shifted from D-976, New Friends Colony to B-1, G-III, Mohan Cooperative Industrial Area, Mathura Road, New Delhi-110044 with effect from May 4, 1998 and then to the present address with effect from July 23, 2005)

Tel: +91 11 26935829-830 **Fax:** +91 11 55628586

Corporate Office: 12/6, Mile Stone, Mathura Road, Sarai Khawaja, Faridabad, Haryana (India) -121003

Tel: +91 129 2255301-304 **Fax:** +91 129 2278921 **Website:** www.shivalikglobal.com

Contact Person: Mr. Vinit Sikka, Compliance Officer & Company Secretary, **Tel:** +91 129 2255301-304, **Email:** investors@shivalikglobal.com

PUBLIC ISSUE OF 1,00,00,000 EQUITY SHARES OF RS. 10/- EACH ISSUED FOR CASH AT A PREMIUM OF RS. 50 PER EQUITY SHARES (PRICE OF RS. 60 PER EQUITY SHARE) AGGREGATING TO RS. 6000 LAKHS (HEREINAFTER REFERRED TO AS THE 'ISSUE') BY SHIVALIK GLOBAL LIMITED (THE 'COMPANY' OR 'ISSUER'). THE ISSUE PRICE IS 6 TIMES OF THE FACE VALUE. THE ISSUE WOULD CONSTITUTE 41.23% OF THE FULLY DILUTED POST ISSUE PAIDUP CAPITAL OF THE COMPANY.

RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of the Equity Shares of Shivalik Global 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 6 times of the face value. The Issue Price (as determined and justified by the Lead Managers 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 Prospectus. **The Issue is not graded by any Credit Rating Agency.** Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Ltd (NSE). The in-principle approvals of BSE and NSE for the listing of the Equity Shares of the Company have been received pursuant to letters dated December 13, 2005 and December 22, 2005, respectively. BSE shall be the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE



ALLIANZ SECURITIES LIMITED

2nd Floor, 3 Scindia House,
Janpath, New Delhi-110001

Tel: +91 11 41514666-69

Fax: +91 11 41514665

Email:

shivalik.ipo@aslfincial.com

Website: www.aslfincial.com

Contact Person: Mr. Nitin Ahlawat

CENTRUM

CENTRUM CAPITAL LIMITED

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Tel: + 91 22 2202 3838

Fax: + 91 22 2204 6096

Email: shivalik@centrum.co.in

Website: www.centrum.co.in

Contact Person: Mr. Mayank Dalal

REGISTRAR TO THE ISSUE



INTIME SPECTRUM REGISTRY LIMITED

C-13 Pannalal Silk Mills Compound, LBS
Marg, Bhandup West,
Mumbai – 400078

Tel: +91 22 555491-94

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E-mail: shivalikipo@intimespectrum.com

Website: www.intimespectrum.com

Contact person: Mr. Vishwas Attvar

ISSUE PROGRAM

ISSUE OPENS ON : THURSDAY, 9TH MARCH, 2006

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SECTION I – DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
“SGL” or “Shivalik” or “the Company” or “Our Company” or “Shivalik Global Limited”	Shivalik Global Limited, a public limited company incorporated under the Companies Act, 1956
“we” or “us” and “our”	Unless the context otherwise require, refers to Shivalik Global Limited
“Promoter Group” or “Promoter Group Entities” or “Group Companies”	Refers to: <ul style="list-style-type: none"> • Shyam Tex International Ltd. • Ruchi India Ltd. • Vinsan Healthcare Ltd. • Gandhar Petrochemicals Ltd. • Gandhar Exports Ltd. • Demaco Polymers Ltd. • Target Fashions Ltd. • NB Welcome Chemicals (P) Ltd. • S.D Chem (P) Ltd.

Conventional / General Terms

Terms	Description
Articles/Articles of Association	Articles of Association of Shivalik Global Limited
Auditors	The Statutory Auditors of Shivalik Global Limited, viz. M/s M. M. Goyal & Company
Board of Directors/Board	The Board of Directors of Shivalik Global Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Board of Director(s)/ Board	The Board of Director(s) of Shivalik Global Limited, unless otherwise specified
Equity Shares	Equity Shares of Shivalik Global Limited 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 Shivalik Global Limited
Non Residents	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
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 (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
Overseas Corporate Body/OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
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

Terms	Description
Promoters	Mr. JP Aggarwal, Mr. Sandeep Aggarwal and Ms. Sumitra Aggarwal
Registered Office	Unit No. 111, Block No. 1, 1 st Floor, Tribhuvan Complex, Ishwar Nagar, New Delhi-110065
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
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America

Issue Related Terms

Terms	Description
Allianz	Allianz Securities Limited
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued.
Bankers to the Issue	ICICI Bank Limited, HDFC Bank Limited and Corporation Bank
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 Stock Exchange	Bombay Stock Exchange Limited
Draft Prospectus	This Draft Prospectus issued in accordance with Section 60 of the Companies Act, 1956. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC before the Issue opening date.
Employees	Permanent Employees of Shivalik Global Ltd. as on September 30, 2005 including both staff and work employees
Employee Reservation Portion	The portion of the Issue being a maximum of 10,00,000 Equity Shares available for allocation to employees
Issue Price	The price as decided by the Company and the Lead Managers for which the Equity Shares shall be issued to the public in terms of this Prospectus
LMs/Lead Managers	Lead Managers to the Issue, in this case being Allianz Securities Limited and Centrum Capital Limited
Prospectus	Refers to the prospectus (in terms of which the Present Issue of Equity Shares are proposed to be made) to be filed with RoC
Public Issue/ /Issue	Public Issue of 1,00,00,000 Equity Shares of Rs. 10/- each for Cash at a Price of Rs. 60 per Equity Share aggregating to Rs. 6000 Lakhs
Registrar/Registrar to the Issue	Registrar to the Issue being Intime Share Registry Limited
RoC / Registrar of Companies	Registrar of Companies, NCT of Delhi & Haryana
Retail Individual Investors	Individual investors (including HUFs and NRIs) who apply for the Equity Shares of or for a value of not more than Rs.1,00,000

Terms	Description
Staff Employees	Employees who are in a supervisory position and include administrative staff, technical staff and office staff.
Work Employees	Employees who work on a shop floor and engaged in the manufacturing activity including skilled, semi-skilled and unskilled

Glossary of Technical and Industry Terms

Terms	Description
Bleaching	Whitening of the fabric / yarn
CAD/CAM	Computer Aided Design / Computer Aided Machine
CIF	Cost, Insurance & Freight
CSP	Count Strength Product
Combed Yarn	Refined yarn from which impurity has been removed
Crocking	Testing of Colour Fastness by rubbing
Count	Mass determination of the size of yarn
Dyeing	To give colour on the fabric / yarn
Desizing	To remove the sizing given at the time of weaving of the fabric
EPCG	Export Promotion Capital Goods Scheme
Hydro Extractor	To extract the water from the fabric/yarn
Gas singing	In this process, flame of gas is used to remove unwanted hairs from yarn/fabric
Gumming & Slitting	This involves cutting the fabric, by putting gum on the edge of the fabric from Tubular to open width form
Heat Setting	The process of giving heat to the fabric having some content of lycra, to set its shrinkage
Hot Air Stenter	To set the width and level of the fabric by providing hot air
Lubrication	In this process, strengthening of sewing thread is done by using lubricant
Mercerizing	To make the fabric or yarn, soft and smooth
Nickel Screen	This is a screen used for making designs and taking print of the designs on the fabric
Open Width Form	The process of cutting of Tubular fabric straight
Polymerizing	In this process the fabric is passed through certain temperature, maintained through steam which fixes colour on the printed fabric
PBS	Progressive Bundle System
RFD	Radio Frequency Drier
Reverse Twist Yarn	Yarn used for sewing thread, strengthened by twisting it anticlockwise
Semi-combed Yarn	Yarn from which impurity has been removed partially
Scouring	This involves boiling of the yarn or fabric
Squeezing	To extract water from the fabric
Stentering	The process involves setting the width and length of the fabric
T.F.O	Two for one i.e. Twisting of two yarns into one tubular
Tubular Form	Knitting of fabric in tube form on circular knitting machine
TUFS	Technology Upgradation Fund Scheme
Ultra Modern Humidification Plant	This plant maintains certain level of humidity which strengthen the yarn while knitting of the fabric
Winding	To wind the yarn on specific cone
Zero-Zero	This is a process in which shrinkage control of the woven fabric is done by using, Zero-Zero machine

Abbreviations of General Terms

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
ATC	Agreement on textiles and clothing
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DHBVNL	Dakshini Haryana Bijli Vitaran Nigam 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
FIIIs	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Gol/Government	Government of India
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
MoF	Ministry of Finance, Gol
MFA	Multi-Fibre Agreement
MOU	Memorandum of Understanding
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
SGL	Shivalik Global Limited
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

SECTION II - RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In the 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 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 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 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 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 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. All references to "India" contained in the Prospectus are to the Republic of India.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page no. (c) of the Prospectus.

In the section titled 'Main Provisions of Articles of Association of the Company' beginning on page no. 121 of the Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Market data used throughout the 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 the Company believes market data used in this 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.

FORWARD-LOOKING STATEMENTS

Statements included in this 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, that are “forward-looking statements”.

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

- General economic and business conditions in India and other countries
- Regulatory changes relating to the textile sector in India and our ability to respond to them
- 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.
- 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 and changes in competition in our industry.
- 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 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 the Company 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, the Company, and the Lead Managers will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in equity involves a higher degree of risk. Investors should carefully consider all the information in this 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 Prospectus could have a material adverse 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 implication of any of the risks described in this section.

INTERNAL TO THE COMPANY

1. The Company has received notice under section 138 and 142 of Negotiable Instrument Act, 1881 from M/s Roselabs Ltd., one of the supplier of raw material.

M/s Roselabs Ltd. has sent a legal notice through their advocate, dated December 9, 2005 to Shivalik Global Ltd. for a bounced cheque issued by Shivalik Global Ltd. on June 8, 2005, to the said claimant for an amount of Rs. 1,00,000/- towards payment of supplied goods. The cheque was presented on November 22, 2005. The claimant claimed the amount of Rs. 1,00,000/- alongwith Rs. 1,500/- towards notice charges & expenses. Shivalik Global Ltd. sent reply of the aforesaid Notice vide letter dated December 21, 2005 through its Advocate and stated that an amount of Rs 1,71,378/- is outstanding against Roselabs Ltd. for which a civil suit has been filed against the Roselabs Ltd. by the Company in the court of Sh. Rajesh Sharma, Civil Judge, Faridabad. Further, Shivalik Global Ltd. sent a Demand Draft of Rs. 1,01,500/- in favour of Roselabs Ltd. for settlement of issue.

The company has also received four notices from raw material suppliers for outstanding dues, the details of which are given in section "Outstanding Litigations" appearing on page no. 94..

Ruchi India Limited, one of the Group Company has received show cause notice dated June 30, 2005 by the Employees' State Insurance Corporation in relation to the non-payment of contribution and non-filing of returns ESI Returns from January 2004 to March 2005. The amount payable under said notice is Rs.1,29,183/-. The date of hearing provided to the company was hearing completed and order awaited. The Company has till date taken no action.

In addition to above, Shivalik Global Limited is involved in other legal proceedings incidental to its business and operations. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Should any new development arise, such as a change in Indian law or rulings against the company by appellate courts or tribunals, it may need to establish reserves in the financial statements, which could increase the expenses and current liabilities of the Company. Furthermore, if a claim is determined against the Company and it is required to pay all or a portion of the disputed amount, it could have a material adverse affect on the results of operations and cash flows of the Company. For further information regarding litigations, please refer sub-section titled "Outstanding Litigations" on page no. 94 of this Prospectus.

2. The proposed Expansion Project of the Company has not been appraised by any Bank or Financial Institution and the utilization of funds is at the Company's discretion.

Management Perception:

The Company has appointed Union Bank of India as the monitoring agency for utilization of funds. The Company has been carrying out the expansion in its business since its inception from time to time. Accordingly, based on its past experience and the plans to be executed, the cost has been estimated.

3. The entire expansion is proposed to be funded from the IPO proceeds. Any hindrance in the successful execution of the IPO will adversely impact the proposed expansion and consequently the estimated revenue and profitability.

Management Perception:

The Company is generating profits and has positive cash flows. However, any delay in the Expansion Project including setting up new garments manufacturing unit and expansion of facilities viz. Knitted Fabrics, Dyeing & Processing of Knitted Fabrics, Yarn Dyeing and processing and Dyeing, Printing and Processing of Woven Fabrics. Any delay in setting up the Expansion Project due to time and cost overrun and delay in-receiving statutory approvals, procuring plant and machinery, civil construction work etc. will adversely impact the business of the Company.

- 4. The Company is yet to acquire the Land for the new manufacturing unit for knitted readymade garment. The Company also has not placed orders for the machinery and other assets required in the whole of the proposed expansion, to be funded out of the IPO. The total value of the said assets is Rs. 2350 lakhs.**

Management Perception:

As per the Company's estimate, 2 acres of land would be required for the proposed manufacturing unit for knitted garments. The Company is planning to acquire the same in Faridabad and has not identified any site for the same. Any delay in the acquisition of land will affect the proposed setting up of new manufacturing unit. The Company will place an order for plant & machinery from time to time, depending on the progress in the project. The details of the plant & machinery for which orders have yet to be placed are appearing on page no. 17 to 20.

- 5. The Company has yet to receive the renewal of license under Factories Act, license to maintain boilers and consent from Pollution Control Authorities. Further, company requires certain registrations and licenses from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect the operations of the Company.**

Management Perception

The Company requires certain registrations and licenses/consents for operating the business, including factory license, environmental clearances, certificate for boilers and Export House certificate for which the Company has applied but the renewal is not received till date. For more information, see "Government Approvals / Licensing Arrangements" on page no. 100 of this Prospectus. If in future the Company fails to obtain approval of any of these registrations and licenses/consents in a timely manner, or at all, the business of the Company may be adversely affected and its directors and officers may be subjected to civil proceedings.

- 6. The Company has not complied with various provisions of Companies Act, 1956 in the past.**

a. Non-Compliance of Section 383A

There was a non-compliance of Section 383A of the Companies Act, 1956 for the period 1997-2003 as the Company had not appointed any Company Secretary. The Company has filed an application of compounding for the said non-compliance on September 15, 2005 with ROC. The matter was heard before the Company Law Board (CLB), Northern Region and the same has been compounded. The Company has already made payment of penalty and the orders have been received from CLB.

b. Non-Compliance of Section 269

There was a non-compliance of section 269 for the period 1999-2004 as there was no Managing Director during this period. The Company filed an application for compounding of the same in September, 2005 with ROC and the matter was heard before CLB, Northern Region and the same has been compounded subject to the payment of penalty of Rs. 40,000/-. The Company has already made payment of penalty and the orders have been received from CLB.

c. Non-Compliance of Section 215

The company secretary of the Company has not signed balance sheet for the year 2004 as required under provisions of Section 215(1)(ii) of Companies Act.

d. Non-Compliance of Section 309/198

The Company has paid remuneration to Non Executive Director in excess of the limits prescribed u/s 309 and no Central Government approval has been obtained for the same. In order to rectify the default, the company has obtained cheques refunding the excess amount of remuneration from the directors and the cheques have been deposited with the bank and the bank has honoured the same.

- 7. The major raw material used in the company is grey cotton yarn, which constitutes the major cost component. The volatility in the prices of the grey yarn may affect the profitability of the Company.**

Management Perception:

The Grey Cotton yarn used by the company as the main raw material constitutes approximately 50% of its total cost. The prices of grey cotton yarn have been more or less stable in the recent past. However, any unforeseen economic or natural factor may lead to movement in its prices and consequently affects the cost and revenues of the Company.

- 8. The Company had been importing the existing machineries under the Export Promotion Capital Goods (EPCG) Scheme to avail the import duty concessions. The license under EPCG is granted subject to the condition to achieve export obligations based on the concessions availed. Accordingly, the Company has subsisting export obligation to the extent of Rs. 8624 Lakhs to be achieved at the various points of time, the**

last year for the total obligation extinction being the year 2011.

Further, proposed imported machinery for the expansion plan is also planned to be routed under EPCG, which will further enhance its export obligations. Any failure on the Company's part to fulfill the existing as well as proposed obligation will result into payment of customs duty saved under the EPCG Scheme. For details of export obligations and balance export obligations, please refer to page no. 40 and for details of imported plant & machinery, please refer to page no. 17 to 20.

Management Perception:

The Company has been availing this facility from long time and is again availing it in relation to its existing business and has also been fulfilling the prescribed export obligations.

9. Risk associated with Contingent Liabilities as on December 31, 2005 are as follows:

(Rs. In Lakhs)

Particulars	As on December 31, 2005
(a) Bank Guarantee for A.E.P.C. and Custom Duty	18.30
(b) Bills Discounted	146.52
(c) Outstanding Letter of Credit (Net of margin of Rs. 166.05 lakhs Previous year Rs. 162.23 lakhs)	822.17
(d) Export Obligation	7695.00
(e) Disputed Liability towards Income Tax	37.48
(f) Disputed Liability towards Sales Tax	11.84
(g) Disputed Liability towards Local area Development Tax	50.94
(h) Surety given to Sale Tax Deptt. for third party	1
(i) Corporate Gurantee given to banks	
a) Uco Bank on behalf of Shyam Tex International Ltd.	2750.00
b) Oriental Bank of Commerce on behalf of Shyam Tex International Ltd.	1335.00
c) Union Bank of India on behalf of Ruchi India Ltd.	585.00
d) Andhra Bank on behalf of Target Fashion Ltd	1450.00
(j) Estimated amount of Contract remaining to be executed (Net of Advance)	185.00

In the event such contingent liability materializes it may have an adverse affect on our financial performance.

10. The Company does not own the premise where the Registered Office of the Company is situated.

Management Perception:

The premise, on which the registered office of the Company is situated, is on rental basis. The property belongs to Mr. Naresh Kumar Aggarwal, promoter of one of the Group Company viz. Demaco Polymers Ltd. and the Company has shifted to this premise in July, 2005.

11. The work force employed in the Company's plant comprises of approximately 55.75% of the contract labour. Any non-compliance by the contractors in respect of applicable labour laws may hamper the business of the Company.

Management Perception:

The Company is operating in the labour intensive industry. Out of total 1478 employees, 654 are permanent employees and 824 are contract labours, which constitutes 55.75% of total manpower. For details, please refer to page no. 41 of the Prospectus. The contract labour system enables the company to remain flexible and employ the manpower as per the requirements at a particular point of time. However, this arrangement exposes the company to the risk of labour law Non-Compliance on the part of the Contractor.

12. Two group Companies of SGL are in the same line of business and consequently the interest of these companies, may conflict with the interest of SGL.

Management Perception:

Two of the group companies of SGL viz. Shyamtex International Limited and Target Fashions Limited are in the same line of business. The Company believes that due to removal of quotas w.e.f. January 1, 2005, there is

market for various textile companies to survive. However, these companies may pose a competition for SGL.

13. *Six group companies are not carrying any business activities and one of the group companies earned loss during last two years.*

Management Perception

Some group companies viz. Gandhar Exports Ltd., Target Fashions Ltd., Ruchi India Ltd., Vinsan Healthcare Ltd. and S.D. Chemicals (P) Ltd. are not carrying any commercial activities. One of the Group company viz. Ruchi India Ltd. was a loss-making venture in the financial years 2002-03 and 2003-04 but at present is generating profit. In addition, another Group Company viz. Gandhar Petrochemicals Limited has recently stopped manufacturing dyes intermediaries. For details refer to the section titled "Information of the Group Companies" on page no. 61 of this Prospectus.

14. *The extinction of quota regime has resulted into high competition in the textile industry both in the indigenous as well as in the international market. Under this scenario, the company may have to confront pressures in respect of pricing, product quality etc. from the buyers, which may consequently affect the financial position of the company.*

Management Perception:

The Company has the marketing cell, which maintains a close contact with the buyers in the international as well as domestic market. The orders are processed and delivered as per the specifications of the customers through the system of sampling. Due to the removal of quotas, the resulting pressures are proposed to be handled through this system of customer satisfaction.

15. *Identification of evolving fashion trends and creating new designs is the key element of success in the textile sector. Any lag on the part of the Company in this respect may affect its business operations.*

Management Perception:

The key factor in the textile business is in creating appealing designs and color combinations to create buyer appeal. In order to be in line, the company maintains a design studio with a team of 25 designers who designs and develops the products as per customer's needs. This team works on the development of designs by analyzing the needs of consumer, the Company is targeting and by parameters like designer collections presented in the fashion cities of the world, fashion reviews from earlier seasons, fashion magazines and most importantly the feedback gained from the sales of the similar products that were developed earlier. It also maintains a laboratory for developing the shades and has already developed a shade card of about 500 colours. The Company believes that the lead-time in changing fashion trends is sufficient for the Company to formulate its fashion strategy.

16. *The Company does not have any long-term contracts with its buyers and get the orders from season to season.*

Management Perception:

The Company supplies processed woven fabric, processed knitted fabric, processed yarn and sewing thread to the garment manufacturing exporters in the Northern India and the readymade knitted garments directly to the International Buyers and also through their Buying Houses in India. The Company does not have any long-term contracts for the supply of their output to them.

17. *Risk associated with hiring and retaining sufficient numbers of qualified professional personnel and increasing wage cost.*

Management Perception:

The business growth of the company is dependent upon its ability to maintain committed and qualified employees. In order to achieve this, the company has the system of recruitment and HR processes. As another step towards this end, the company has reserved a portion of Public Issue (10,00,000 Equity Shares) for its employees on competitive basis. Due to post removal of quotas in the textile industry effective January 1, 2005, many companies are expanding their capacities to meet the global demand for textile related goods. Such huge capacity additions are expected to lead to shortage of skilled labours in the industry. Such shortage may further lead to substantial rise in the wage bills of companies thus seriously affecting their cost structure. Further, wage costs of labour in India have historically been significantly lower than the wage costs in the developed countries, which has been one of our competitive strengths. Any significant wage increases in India may seriously impact this competitive advantage thus negatively affecting the profit margins of the Company.

- 18. The promoter and the promoter group of the company will continue to hold the substantial stake in the Company viz. 58.76% of the post issue capital and will remain in the position to exercise control in the decisions of the Company.**

Management Perception:

The Company's management comprises of professionals including independent persons not having any other interest in the Company except to the extent of their remunerations and reimbursements. However, the promoter and the promoter group, being the major stakeholders, will continue to be in the position to influence the events wherein the approval of the shareholders is required.

- 19. The Company has the loans raised under TUFS wherein 5% interest subsidy is available to the Company. If the Company fails to comply with the conditions stipulated under TUFS, the burden of cost of borrowings would increase.**

Management Perception:

As on March 31, 2005, the company has Rs. 2200.41 Lakhs of loans raised under TUFS. The Company has been availing loans under this scheme since the introduction of scheme in 1999 and has been able to meet the stipulated conditions till now. To get benefit under TUFS, installation of machinery in new unit or in existing unit by way of replacement of existing machinery and / or expansion is required to be made. However, any defaults on the part of the Company to fulfill these requirements in future may lead to denial of 5% interest subsidy of Rs. 47.85 Lakhs thereby increasing the cost of borrowings.

- 20. The loan agreements entered into by the company with the banks contains restrictive clauses requiring the company to obtain their prior approval for undertaking various activities including appointment of MD/ WTD/Chief Executive, payment of dividend to its shareholders before the payment of banks installments and interests, effecting any change in the capital structure etc. For details, please refer to Notes to Capital Structure appearing on page no. 11.**

Management Perception:

The negative covenants to which the company is subject are the usual and the customary covenants. However, in respect of proposed Public Issue, the Company has obtained the No objection certificate from the leader of working consortium viz. Punjab National Bank vide its letter dated October 27, 2005.

EXTERNAL RISK FACTORS

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

The Company is exposed to exchange rate fluctuations. Uncertainties in the global financial market may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the revenues from the export business of the Company.

- 2. Changes in the regulatory framework set up for the growth of textile sector may affect the operations of the Company adversely.**

Recently, the Government of India has introduced various policies and measures to accelerate the growth in textile sector including interest rate subsidies, duty / tax reimbursement schemes like duty drawback / DEPB. Withdrawal or modifications in these measures may adversely impact the revenues and profitability of textile companies in India including SGL.

- 3. Probable opposition to sourcing apparel from India.**

Potential threats to the domestic textile industry in developed countries and geographies that are not as competitive as India and China has led to a growing political opposition to sourcing of apparel from countries such as India. Any increase in such opposition can lead to non quantitative restrictions being imposed on export of apparel from countries such as India and China and impact the growth of textile industry players in such countries. Additionally, countries such as USA can impose anti surge restrictions if growth of exports from any geography exceeds certain acceptable limits. Such restrictions can adversely impact the growth of the Company.

- 4. Emergence of competition from other manufacturing countries having Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with the major importing countries.**

While quantitative restrictions stand eliminated with the removal of quotas, certain countries which enjoy FTAs / PTAs with major importing countries may have an advantage (by way of lower or zero import tariffs) over exporters from countries that do not have such agreements. India currently is not party to such agreements.

5. Political situation and changes in the Government of India may affect the performance of the Company.

The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization. There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. A significant change in India's economic liberalization and deregulation policies could disrupt the business and economic conditions in India.

6. Natural disasters could disrupt our operations and result in loss of revenues and increased costs.

The business of the Company is exposed to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of the business of the Company and result in loss of revenues and increased costs.

7. The acts of violence and terrorist attacks or war involving India could adversely affect the Company's business.

There have been instances of terrorist attacks in many parts of the world and also in India in the recent past. Any recurrence of such events or other acts of violence/war may negatively affect the Indian capital market and may also adversely affect performance of our scrip in the stock exchanges. These acts may also result in a loss of business confidence. Any recurrence of events of terrorist attacks or other acts of violence may adversely impact the desire of corporate executives to travel to India for business purposes and thereby adversely impacting business prospects. These uncertainties make it difficult for us and our customers to accurately plan future business activities.

8. After this Issue, the price of the equity shares may be highly volatile or there may be no active market for the Equity Shares which may be due to various reasons including the following:

- Volatility in the Indian and Global securities market;
- The results of operations and performance;
- Perceptions about our future performance or the performance of Indian Apparel Manufacturing companies;
- Performance of the Indian Economy.

Notes to Risk Factors:

1. The Networth of the Company as per the financial statements of the Company before the Issue (as on December 31, 2005) is Rs. 3971.32 Lakhs and the size of the Issue is Rs. 6000 Lakhs.
2. The average cost of acquisition of Equity shares of the Promoters is Rs.10/- per share. The Book value per share as on December 31, 2005 is Rs. 27.86 per share of Rs.10/- each.
3. The size of the Present Issue – Public Issue of 1,00,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 60 per Equity Share aggregating to Rs. 6000 Lakhs.
4. Other than as disclosed in the "Related Party Information" on page no. 84 of this Prospectus, the promoters / directors / key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
5. 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. 84 of this Prospectus.
6. 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. For details please refer to section titled "Financial Information of the Company" on page. 70 of the Prospectus.
7. Details of "Related Party Information" as on December 31, 2005 is given on page no. 84 of this Prospectus.
8. The Investors are advised to refer to the Para on "Basis for Issue Price" on page no. 24 of this Prospectus before making any investment in this Issue.
9. 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 Allotment" beginning on page no. 117 of this Prospectus.
10. The Investors may contact the Lead Managers to the Issue or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same.
11. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.

SECTION III: INTRODUCTION

SUMMARY

Overview of the Textile Industry in India

The textile industry occupies a unique position in the Indian economy as it contributes to the industrial production, employment generation and foreign exchange earnings. Currently, it adds about 14 per cent to the industrial production and about 4 per cent to the GDP. It has potential for employment generation, particularly in the rural and remote areas of the country on account of its close linkage with agriculture. It provides direct employment to about 35 million people including substantial segments of SC /ST and women. In fact, the textile industry is the second largest provider of employment after agriculture. The contribution of this industry to the gross export earnings of the country is about 21 per cent. The growth and development of this industry has a bearing on the overall development of the Indian economy. The Indian textile industry is complex and varied. This industry uses natural fibres – cotton, jute, silk and wool, as well as synthetic/ man-made fibres – polyester, viscose nylon, acrylic and their multiple blends.

The textile industry has grown and the noticeable feature in this growth process has been the installation of large number of open end rotors in the 1990s, and the setting up of 100% Export Oriented Units (EOUs) in the spinning sector. The production of spun yarn is anticipated to touch 3221.37 million kg during 2004-05. It is worth noting that the production of 100% non-cotton yarn has shown an upward trend in recent years and it is anticipated to reach 377.31 million kg during 2004-05 from 341.76 million kg achieved during 2003-04, registering an annual growth rate of 10.40%. The total production of cloth during 2003-04 was 42,383 mn sq. mtrs and is anticipated to touch 44,322 mn. Sq. mtrs. in 2004-05.

Further, the textile exports on a year-to-year basis recorded a growth of 4.6% during April-November 2004 and in value terms amounted to US\$ 8,348.5 mn against US\$ 7,981.5 mn in the corresponding period of the previous year.

(Source: www.texmin.nic.in)

Summary of the Business

Overview

Shivalik Global Limited is the Company operating in the textile sector both on the processing as well as product segments. The Company came into existence in the year 1997-98. The Company has its manufacturing Plant at Faridabad. It commenced its operations by Manufacturing of knitted garments catering to the T-Shirts segment, Dyeing, Printing and processing of woven fabric, Dyeing and Processing of Yarn. The knitted garment unit is presently engaged in Dyeing, Printing and processing of woven fabric, Dyeing and Processing of Yarn. At present, the Company has become a multi-divisional textile unit and has the facilities for Knitting of Fabric, Processing and Dyeing of Knitted Fabric and Manufacturing of Sewing Thread also.

The Company provides apparel procurement needs of buyers from yarn to fabric and from designing to delivery of garments. The company maintains a design studio with a team of 25 designers who designs and develops the products as per customer's needs. It also maintains a laboratory for developing the shades and has already developed a shade card of about 500 colours and has stringent quality checks at each steps of manufacturing process.

At present, the Company exports 100% of the readymade garments manufactured by it.

The Company's turnover has increased from Rs.1300 lakhs in the year 1998-99 to Rs. 16500 lakhs in the year 2004-05.

Business Strategy

The Company's vision is to prove its existence in the international market as one of the major player in the textile industry by offering all related services to cater to the need of readymade garments segment. The removal of quota regime has provided the Company with a prospect for growth, as now the company does not have a limit on exports quantity. The company now has following business strategies:

- A. Expanding the existing capacity of manufacturing.
- B. Simultaneously, expanding the other in-house facilities, which provide the inputs for the garment manufacturing, so that there is no need to look for outside suppliers. Also, capture the needs of other garment manufacturers in the industry due to opportunities thrown open for the Indian Garment Manufacturing Industry in the current scenario.
- C. The Company also intends to enhance its customer base by way of customer satisfaction through different designs and colour blends.

SUMMARY OF FINANCIAL/OPERATING DATA

STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rs. in Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec. 31, 2005
	2001	2002	2003	2004	2005	
A. Income						
Sale of Products						
- Manufactured Goods	4123.41	8132.21	9040.40	11406.22	12504.98	10365.86
Traded Goods						
- Processing Charges	3518.66	2799.58	3587.22	3213.75	3886.81	2641.74
- Export Incentives	440.74	222.99	111.67	214.23	162.25	107.34
Total	8082.81	11154.78	12739.29	14834.20	16554.04	13114.94
Other Incomes	44.76	16.39	8.06	3.16	14.45	7.05
Increase/(Decrease) in Inventories	141.85	362.12	(50.80)	276.27	1097.97	366.45
Total	8269.42	11533.29	12696.55	15113.63	17666.46	13488.44
B. Expenditure						
Raw Material Consumed	4041.61	7441.27	8141.90	10521.74	11989.91	8834.09
Stores Consumed	19.95	58.77	67.99	47.95	64.70	45.26
Employee Cost	326.74	364.68	370.47	470.64	579.02	446.96
Power & Fuel	906.69	878.50	1231.81	1263.94	1298.56	1167.41
Other Manufacturing Expenses	1072.96	935.65	578.73	619.79	826.44	699.42
Administrative Expenses	91.31	69.05	85.21	69.17	96.04	67.88
Selling & Distribution Expenses	420.66	201.91	239.62	282.76	441.58	355.97
Excise Duty	110.00	285.98	400.35	236.40	112.52	-
Interest	466.33	436.85	608.03	605.24	827.37	603.90
Miscellaneous Expenditure Amortised	0.35	0.35	0.35	0.35	0.35	0.26
Goodwill Amortized	-	-	-	-	-	-
Total	7456.60	10673.01	11724.46	14117.98	16236.49	12221.15
Net Profit Before Depreciation, Tax & Prior Period Items (A-B)	812.82	860.28	972.09	995.65	1429.97	1267.29
Depreciation	451.22	463.42	567.20	633.79	656.69	471.77
Net Profit Before Tax & Prior Period Items	361.60	396.86	404.89	361.86	773.28	795.52
Provision for Income Tax						
- Current Tax	22.00	35.00	40.00	42.00	72.00	175.00
- Deferred Tax	-	-	101.46	82.35	92.35	48.16
- Fringe Benefit Tax	-	-	-	-	-	3.25
Tax Paid/Provision Written Back for earlier Year	-	-	(0.29)	-	-	-
Net Profit Before Prior Period Items	339.60	361.86	263.72	237.51	608.93	569.11
Prior Period Items	-	-	-	-	-	-
Net Profit as per Audited Financial Statements	339.60	361.86	263.72	237.51	608.93	569.11
Add : Balance brought forward from previous year	377.31	716.91	885.87*	1149.59	1387.10	1996.03
Balance carried forward to Summary of Assets and Liabilities	716.91	1078.77	1149.59	1387.10	1996.03	2565.14

* Deferred Tax Balance upto 31.03.2002 Rs. 192.89 Lakhs directly charged to Reserve & Surplus.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
(Rs. in Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec. 31, 2005
	2001	2002	2003	2004	2005	
A Fixed/Intangible Assets						
Gross Block	3996.26	5069.26	6227.55	7301.76	7693.79	7881.16
Less: Depreciation	686.61	1149.96	1713.39	2342.74	2949.11	3420.88
Net Block	3309.65	3919.30	4514.16	4959.02	4744.68	4460.28
B Capital work in progress	79.12	19.38	124.45	73.02	67.64	72.06
C Investments	528.54	587.43	567.55	529.77	1.04	1.04
D Current Assets, Loans and Advances:						
Inventories	1454.67	2178.94	2228.50	2898.66	4326.97	4813.58
Sundry Debtors	1168.64	826.29	1965.83	2763.15	3526.83	3643.65
Cash and Bank Balances	6.74	12.56	74.77	124.73	169.61	170.10
Loans and Advances	332.83	390.23	291.75	696.19	491.24	511.86
Total	2962.88	3408.02	4560.85	6482.73	8514.65	9139.19
E Liabilities and Provisions:						
Secured Loans	3017.43	3662.06	5156.91	6588.94	6915.41	6230.07
Unsecured Loans	-	-	-	-	735.00	840.00
Current Liabilities and Provisions	1777.96	1770.14	1742.65	2267.94	1788.31	2113.97
Deferred Tax Liability	-	-	294.35	376.70	469.05	517.21
Total	4795.39	5432.20	7193.91	9233.58	9907.77	9701.25
F Networth (A+B+C+D-E)	2084.80	2501.93	2573.10	2810.96	3420.24	3971.32
G Represented by						
1. Share Capital	1370.35	1425.27	1425.27	1425.27	1425.27	1425.27
2. Reserves	716.91	1078.77	1149.59	1387.10	1996.03	2565.14
Total	2087.26	2504.04	2574.86	2812.37	3421.30	3990.41
H Miscellaneous Expenditure to the extent not written off or adjusted	2.46	2.11	1.76	1.41	1.06	19.09
I Networth (G-H)	2084.80	2501.93	2573.10	2810.96	3420.24	3971.32

THE ISSUE

Particulars	No. of Equity Shares
Present Issue	1,00,00,000 Equity Shares
<i>Offer through this Prospectus</i>	1,00,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 60 per Equity Share
<i>Out of which:</i>	
Reserved for Employees of the Company*	10,00,000 Equity Shares
Reserved for Scheduled Commercial Banks and Mutual Funds	10,00,000 Equity Shares
Reserved for Non-Resident Indians on repatriation basis	10,00,000 Equity Shares
Net Offer to the Public	70,00,000 Equity Shares
Equity Shares outstanding prior to the Issue	1,42,52,680 Equity Shares
Equity Shares outstanding after the Issue	2,42,52,680 Equity Shares

*Employees of the Company aggregating to 654 as on September 30, 2005

Note: Under subscription, if any, in the net offer to the public category shall be allowed to be met with spillover from the reserved category to the net issue to the public at the sole discretion of the Company in consultation with the Lead Managers. Undersubscription in the reserved category may be added back to the net offer to the public.

GENERAL INFORMATION

SHIVALIK GLOBAL LIMITED

Registered Office: Unit No. 111, Block No. 1, 1st Floor, Tribhuwan Complex, Ishwar Nagar, New Delhi – 110065

Tel: +91 11 26935829-830 **Fax:** +91 11 55628586. **Email:** investors@shivalikglobal.com

Website: www.shivalikglobal.com

Registration Number: 55- 88667

Registered with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi C.G.O. Complex, Paryavaran Bhawan, 2nd floor, NCT, New Delhi-110 003

Board of Directors of the Company

The Board of Directors who currently manages the Company comprises of the following members:

1. Mr. J. P. Aggarwal
Chairman cum Managing Director
2. Mr. Sandeep Aggarwal
Joint Managing Director
3. Mrs. Sumitra Aggarwal
Whole Time Director
4. Mr. S.K Aggarwal
Whole Time Director
5. Mr. Avinash Kumar
Nominee Director, IFCI
6. Mr. Randhir Singh
Nominee Director, HSIDC
7. Mr. C.P. Srivastava
Director
8. Mr. S.P. Jain
Director
9. Mr. K.K. Garg
Director
10. Mr. G.S. Singhal
Director

Details of the Chairman, Managing Director and Whole time Director

For details of the Chairman, Managing Director and Whole Time Director, refer to the section titled “Management - Brief details of the Board of Directors” on page no. 49 of this Prospectus.

COMPLIANCE OFFICER AND COMPANY SECRETARY

Mr. Vinit Sikka

Company Secretary

Shivalik Global Limited

12/6, Mile Stone, Mathura Road, Sarai Khawaja,

Faridabad, Haryana - 121003

Tel: +91 129 2255301-4

Fax: +91 129 2273086

Email: investors@shivalikglobal.com

Investors may note that incase 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. they should contact the Compliance Officer.

BANKERS TO THE COMPANY**Punjab National Bank**

ECE House, 28-A, K.G Marg,

New Delhi – 110 001

Tel: +91 11 27569020

Fax: +91 11 23318570, 23324788

E Mail: pnbecedl@nbdvsnl.net.in

UCO Bank

5, Parliament Street, Connaught Place,

New Delhi - 110001

Tel: +91 11 23710360

Fax: +91 11 23721345

E Mail: bo.parlst@ucobank.co.in

Oriental Bank of Commerce

Industrial Finance Branch,

H Block, Connaught Place,

New Delhi -110 001

Tel: +91 11 23318473

Fax: +91 11 23318473

E Mail: bm0633@obc.co.in

Union Bank of India

Industrial Finance Branch, Connaught Place,

New Delhi – 110 001

Tel: +91 11 23417403

Fax: +91 11 23417405

E Mail: ubiifbcp@vsnl.net

LEAD MANAGERS TO THE ISSUE**Allianz Securities Limited**

2nd Floor, 3 Scindia House,

Janpath, New Delhi - 110 001

Tel: +91 11 41514666-69

Fax: +91 11 41514665

Email: shivalik.ipo@aslfinancial.com

Website: www.aslfinancial.com

Contact Person: Mr. Nitin Ahlawat

Centrum Capital Limited

Khetan Bhavan, 5th Floor,

198, J Tata Road,

Churchgate,

Mumbai - 400 020

Tel: + 91 22 2202 3838

Fax: + 91 22 2204 6096

Email : shivalik@centrum.co.in

Website: www.centrum.co.in

Contact Person: Mr. Mayank Dalal

Statement of Inter-se allocation of responsibilities

The responsibilities and co-ordination for various activities in this issue are as under:

S. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Allianz, Centrum	Allianz
2.	Conducting a due diligence of the Company's operations / management / business plans / legal, etc. Drafting and designing the Prospectus, Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI	Allianz, Centrum	Allianz
3.	Primary co-ordination with SEBI, ROC and Stock Exchanges up to and coordinating interface with lawyers for agreements.	Allianz	Allianz
4.	Primary coordination of drafting/proofing of the design of the Draft Prospectus forms with the printers. Primary coordination of the drafting and approving the statutory advertisement.	Allianz, Centrum	Allianz
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochures etc.	Allianz, Centrum	Allianz
6.	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz. printers and advertising agency	Allianz, Centrum	Allianz
7.	Marketing of the issue, which will cover inter alia: <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget; Finalizing media & public relations strategy; Finalizing centers for holding conferences for press and brokers, etc.; Finalizing collection centers; Following-up on distribution of publicity and Issue material; Including form, prospectus and deciding on the quantum of the issue material; and Preparing all road show presentations. 	Allianz, Centrum	Allianz
8.	Co-ordinating post issue activities and dispatch of refunds orders, etc.	Allianz, Centrum	Centrum
9.	The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Centrum	Centrum

AUDITORS**M/s M. M. Goyal & Company**

Chartered Accountants

208, Allied House,
2, Old Rohtak Road,
Inder Lok, Delhi- 110 035**Tel:** +91 11 23658374, 23658434**Fax:** +91 11 23659850**LEGAL ADVISORS TO THE ISSUE****Corporate Professionals**

Advocates & Solicitors

7/9 Sarvpriya Vihar,
New Delhi - 110 016**Tel:** +91 11 26966100**Fax:** +91 11 26967100**Email:** girish@indiapcp.com**Website:** www.corporateprofessionals.com**REGISTRAR TO THE ISSUE****Intime Spectrum Registry Limited**C-13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup West,
Mumbai - 400078**Tel:** +91 22 555491-94**Fax:** +91 22 555499**E-mail:** shivalikipo@intimespectrum.com**Website:** www.intimespectrum.com**Contact person:** Mr. Vishwas Attvar**BANKERS TO THE ISSUE****HDFC Bank Limited**Maneckjiwadia Building, Nanik Motwani Marg,
Mumbai - 400 023**Tel:** +91 22 2705514**Fax:** +91 22 2701 001**E-mail:** sunil.kolenthery@hdfcbank.com**Contact person:** Mr. Sunil Kolenthery**ICICI Bank Limited**

Capital Markets Division

30, Mumbai Samachar Marg,
Mumbai - 400 001**Tel:** +91 22 22655285**Fax:** +91 22 22611138**Email:** sidhartha.routray@icicibank.com**Contact Person :** Mr. Sidhartha Routray**Corporation Bank**Veena Chambers, 21 Dalal Street,
Mumbai - 400 023**Tel:** +91 22 651479**Fax:** +91 22 679577**E-mail:** cb024@corpbank.co.in**Contact person:** Mr. U. Shreepathi

Debenture Trustees

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

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Monitoring Agency

Union Bank of India has been appointed as the Monitoring Agency to monitor the utilisation of funds.

Underwriting

The Issue is fully underwritten as follows:

Name and Address of the Underwriters	Date of Agreement	Amount Underwritten (Rs. in lakhs)
Allianz Securities Limited 2 nd Floor, 3 Scindia House, Janpath, New Delhi - 110 001 Tel: +91 11 41514666-69 Fax: +91 11 41514665 Email: shivalik.ipo@aslfinancial.com	February 2, 2006	3500.40
Centrum Capital Limited Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, Mumbai - 400 020 Tel: + 91 22 2202 3838 Fax: + 91 22 2204 6096 Email : shivalik@centrum.co.in	February 2, 2006	2499.60
TOTAL		6000.00

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 SEBI (Stock Brokers & Sub-brokers) Regulations, 1992. The above Underwriting Agreements have been accepted by the Board of Directors of Company at their meeting held on February 2, 2006.

CAPITAL STRUCTURE OF THE COMPANY

(Rs. in Lakhs)

Share Capital		Aggregate Nominal Value	Aggregate value at Issue Price
(A) Authorized Share Capital			
2,60,00,000	Equity shares of Rs.10/- each	2600.00	
(B) Issued, Subscribed and Paid-up Equity Capital			
1,42,52,680	Equity Shares of Rs.10/- each	1425.26	
(C) Present Issue in terms of this Prospectus			
1,00,00,000	Equity Shares of Rs.10/- each	1000.00	
Issue to the Public			
1,00,00,000	Equity Shares of Rs.10/- each at a price of Rs. 60/-	1000.00	6000.00
Of which			
10,00,000	Equity Shares of Rs. 10/- each at a price of Rs. 60/- are reserved for allotment to Employees on competitive basis	100.00	600.00
10,00,000	Equity Shares of Rs. 10/- each at a price of Rs. 60/- are reserved for allotment on competitive basis to Scheduled Commercial Banks, Financial Institutions & Mutual Funds	100.00	600.00
10,00,000	Equity Shares of Rs. 10/- each at a price of Rs. 60/- are reserved for allotment on competitive basis to NRIs and/or FIIs on repatriation basis	100.00	600.00
(D) Net Offer to the Public			
70,00,000	Equity Shares of Rs. 10/- each fully paid up	700.00	4200.00
(E) Paid up capital after the Issue			
2,42,52,680	Equity shares of Rs.10/- each fully paid up	2425.26	14551.60
(F) Share Premium Account			
Before the Issue		NIL	NIL
After the Issue		5000.00	

Details of Increase in Authorised Capital

Date	Authorised Capital (Rs. In Lakhs)	Face Value (Rs.)	No. of Shares	Particulars
July 22, 1997	50.00	10	5,00,000	Incorporation
January 29, 1999	1100.00	10	1,10,00,000	Increase
March 24, 2000	1500.00	10	1,50,00,000	Increase
July 23, 2005	2600.00	10	2,60,00,000	Increase

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

1. Equity Share Capital History of the Company (Capital build up)

Date of allotment	No. of shares allotted	Face Value (Rs.)	Cumulative no. of shares	Issue Price (Rs.)	Consideration	Nature of Allotment	Securities Premium Account (Rs.)
22.07.1997	700	10	700	10	Cash	Subscription to the Memorandum of Association	0
30.09.1999	60,19,500	10	60,20,200	10	Cash	Preferential Allotment to Promoters, Friends, & Relatives	0
30.03.2000	69,28,880	10	1,29,49,080	10	Cash	Preferential Allotment to Promoters, Friends, & Relatives	0
30.03.2001	7,00,000	10	1,36,49,080	10	Cash	Preferential Allotment to Promoters, Friends, & Relatives	0
30.03.2002	6,03,600	10	1,42,52,680	10	Cash	Preferential Allotment to Promoters, Friends, & Relatives	0
Total	1,42,52,680						

2. Promoters' Contribution and lock-in in respect of promoters whose name figure in the Prospectus as promoters in the paragraph on "Promoters".

Shareholding of Promoters

Date of acquisition	Date when fully paid up	Nature of transaction	Consideration	No. of shares	Face value	Issue/transfer Price
Mr. J.P. Aggarwal						
30.03.1999	30.03.1999	Allotment	Cash	2,65,350	10	10
24.03.2004	24.03.2004	Transfer	Cash	3,68,000	10	10
27.09.2004	27.09.2004	Transfer	Cash	22,30,700	10	10
Total				28,64,050		
Ms. Sumitra Aggarwal						
22.07.1997	22.07.1997	Allotment	Cash	100	10	10
30.03.1999	30.03.1999	Allotment	Cash	12,97,550	10	10
27.09.2004	27.09.2004	Transfer	Cash	20,49,200	10	10
Total				33,46,850		
Mr. Sandeep Aggarwal						
22.07.1997	22.07.1997	Allotment	Cash	100	10	10
30.03.1999	30.03.1999	Allotment	Cash	12,42,980	10	10
30.03.2000	30.03.2000	Allotment	Cash	8080	10	10
30.03.2002	30.03.2002	Allotment	Cash	46,900	10	10
30.06.2002	30.06.2002	Transfer	Cash	4,21,120	10	10
24.03.2004	24.03.2004	Transfer	Cash	500	10	10
Total				17,19,680		
Grand Total				79,30,580		

Lock-in of Minimum Promoters Contribution

Date of Acquisition	No. of Shares	Face Value (Rs.)	% of post issue Paid-up Equity Capital	Lock-in period
Mr. J.P. Aggarwal				
27.09.2004	22,30,700	10	9.20%	3 years
24.03.2004	3,68,000	10	1.52%	3 years
Total	25,98,700			
Ms. Sumitra Aggarwal				
27.09.2004	20,49,200	10	8.45%	3 years
Total	20,49,200			
Mr. Sandeep Aggarwal				
24.03.2004	500	10	0.00%	3 years
30.06.2002	2,02,136	10	0.83%	3 years
Total	2,02,636			
Grand Total	48,50,536		20.00%	

Lock-in of remaining shareholding of Promoters and Promoter Group

Name of Promoter/Group	No. of Shares	Face Value (Rs.)	% of post issue Paid-up Equity Capital	Lock-in period
Core-Promoter				
Mr. J.P. Aggarwal	2,65,350	10	1.09%	1 year
Ms. Sumitra Aggarwal	12,97,650	10	5.35%	1 year
Mr. Sandeep Aggarwal	15,17,044	10	6.26%	1 year
Promoter Group				
Gandhar Exports Ltd.	33,69,600	10	13.89%	1 year
S.D Chem Pvt. Ltd.	9,00,000	10	3.71%	1 year
Ruchi India Ltd	8,60,000	10	3.54%	1 year
Target Fashions Ltd.	1,20,000	10	0.50%	1 year
Viniti Aggarwal	7,92,500	10	3.27%	1 year
Savitri Aggarwal	1,30,000	10	0.54%	1 year
Vimal Aggarwal	30,000	10	0.13%	1 year
Jyoti Aggarwal	20,000	10	0.08%	1 year
Kedarnath & Sons	1,00,000	10	0.41%	1 year
Grand Total	94,02,144			

- The promoters viz. Mr. J.P. Aggarwal, Mr. Sandeep Aggarwal and Ms. Sumitra Aggarwal have vide their letter dated October 15, 2005, given their consent for lock in as stated above. The shares acquired last have been locked in first and the lock in period shall commence from the date of allotment of shares in the Public Issue.
- 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 institution.
- The equity shares to be held by the promoters under lock-in period shall not be sold/ hypothecated/ transferred during the lock-in period. However, in terms of Clause 4.16(b) of the SEBI Guidelines, the Equity Shares may be transferred among the Promoters/ Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.
- The Equity Shares held by the persons other than the Promoters may be transferred to any other person holding shares prior to the issue, subject to the continuation of the lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

7. There has been no sale or purchase of Equity Shares of the Company by the Directors / Promoters and Promoter Group, during the period of six months preceding the date on which the Prospectus is filed with SEBI.
8. The Promoters Contribution brought-in by the promoters was more than the specified minimum lot as defined under SEBI Guidelines.
9. There is no "Buyback" or "Standby" or similar arrangement for the purchase of Equity Shares by the Company/ its Promoters/ Directors/Lead Managers for purchase of Equity Shares offered through this Prospectus.
10. The Company has not raised any bridge loans against the proceeds of this Issue.
11. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allotment" on page no. 117 of this Prospectus.
12. An over-subscription to the extent of 10% of the Net Issue to the Public can be retained for the purpose of rounding off to the nearest integer subject to a minimum allotment of 100 Equity Shares (which is the minimum application size in this issue), while finalizing the allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net issue to the Public, as a result of which, the post issue paid up capital after the issue would also increase by the excess amount of allotment so made. In such an event, the shares held by the Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the Post Issue paid up Capital is locked in.
13. The Company has reserved 10,00,000 Equity Shares for Employees on competitive basis, 10,00,000 Equity Shares for Scheduled Commercial Banks, Financial Institutions and Mutual Funds and 10,00,000 Equity Shares for Non-Resident Indians and / or FIIs on repatriation basis. Unsubscribed portion in the reserved category may be added back to the net offer to the public.
14. The Equity Shares offered through this public issue will be fully paid up.

15. Details ten largest Shareholders of the Company

- a) As on the date of filing the Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares held	%age of holding
1.	Gandhar Exports Ltd.	33,69,600	23.64
2.	Sumitra Aggarwal	33,46,850	23.48
3.	J.P. Aggarwal	28,64,050	20.09
4.	Sandeep Aggarwal	17,19,680	12.06
5.	S.D Chem Pvt. Ltd.	9,00,000	6.32
6.	Ruchi India Ltd	8,60,000	6.04
7.	Viniti Aggarwal	7,92,500	5.56
8.	Savitri Aggarwal	1,30,000	0.92
9.	Target Fashions Ltd. (erstwhile Gandhar Industries Ltd.)	1,20,000	0.84
10.	Kedarnath & Sons	1,00,000	0.70

- b) Ten days prior to filing Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares held	%age of holding
1.	Gandhar Exports Ltd.	33,69,600	23.64
2.	Sumitra Aggarwal	33,46,850	23.48
3.	J.P. Aggarwal	28,64,050	20.09
4.	Sandeep Aggarwal	17,19,680	12.06
5.	S.D Chem Pvt. Ltd.	9,00,000	6.32
6.	Ruchi India Ltd	8,60,000	6.04
7.	Viniti Aggarwal	7,92,500	5.56
8.	Savitri Aggarwal	1,30,000	0.92
9.	Target Fashions Ltd. (erstwhile Gandhar Industries Limited)	1,20,000	0.84
10.	Kedarnath & Sons	1,00,000	0.70

c) Two years prior to filing the Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares held	%age of holding
1.	Gandhar Exports Ltd.	33,69,600	23.64
2.	Gandhar Petro Chemicals Ltd.	22,30,700	15.65
3.	Demaco Polymers Ltd.	20,49,200	14.37
4.	Sandeep Aggarwal	17,19,180	12.06
5.	Sumitra Aggarwal	12,97,650	9.10
6.	S.D Chem (P) Ltd.	9,00,000	6.31
7.	Viniti Aggarwal	7,92,500	5.56
8.	Ruchi India Ltd.	6,60,000	4.63
9.	Gandhar Industries Ltd.	3,20,000	2.24
10.	Santosh Gupta	2,84,000	1.99

16. The core promoters viz. Mr. J.P. Aggarwal, Mr. Sandeep Aggarwal and Ms. Sumitra Aggarwal hold 79,30,580 Equity Shares of face value of Rs. 10/- each as on date which constitutes 55.63% of the aggregate Equity Share Capital of the Company, the details of which are as under:

Particulars	No. of Equity Shares	% of Equity Shares
Ms. Sumitra Aggarwal	33,46,850	23.48
Mr. J.P. Aggarwal	28,64,050	20.09
Mr. Sandeep Aggarwal	17,19,680	12.06
Total	79,30,580	55.63

17. Pre-issue and Post-issue Shareholding pattern:

Category	Pre Issue		Post Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Promoters				
Mr. JP Aggarwal	28,64,050	20.09	28,64,050	11.81
Ms. Sumitra Aggarwal	33,46,850	23.48	33,46,850	13.80
Mr. Sandeep Aggarwal	17,19,680	12.07	17,19,680	7.09
Sub-Total (A)	79,30,580	55.63	79,30,580	32.70
Group companies				
Gandhar Exports Ltd.	33,69,600	23.64	33,69,600	13.89
S.D Chem Pvt. Ltd.	9,00,000	6.32	9,00,000	3.71
Ruchi India Ltd	8,60,000	6.04	8,60,000	3.54
Target Fashions Ltd.	1,20,000	0.84	1,20,000	0.50
Friends & Relatives				
Viniti Aggarwal	7,92,500	5.56	7,92,500	3.27
Savitri Aggarwal	1,30,000	0.91	1,30,000	0.54
Vimal Aggarwal	30,000	0.21	30,000	0.13
Jyoti Aggarwal	20,000	0.14	20,000	0.08
Kedarnath & Sons	1,00,000	0.70	1,00,000	0.41
Sub-Total (B)	63,22,100	44.36	63,22,100	26.07
Total pre issue share capital {(C)=(A)+(B)}	1,42,52,680	100	NIL	NIL
Public Issue (D)	1,00,00,000	41.23		
Total post issue share capital {(E)=(C)+(D)}	2,42,52,680	100		

18. On the date of filing the Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing promoters or shareholders or any other person any option to receive equity shares after the Issue.
19. The Company has not issued any shares for consideration other than cash
20. The Company has not issued any Equity Shares out of revaluation reserves.
21. The Company undertakes that there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed or all monies have been refunded to all investors.
22. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from 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 Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares pursuant to the plan or issue Equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of the Company.
23. At any given point of time, there shall be only one denomination for a class of Equity Shares of the Company.
24. The Company has not granted any options or shares of the Company under any scheme of Employee Stock Options or Employee Stock Purchase to its employees.
25. No single applicant can make an application for the number of shares exceeding the number of Equity shares issued through this Prospectus to each category of investor.
26. The Company has 12 shareholders as on the date of filing of this Prospectus with the SEBI.
27. Restrictive covenants under lenders agreements about capital structure

The covenants in borrowings from banks, among other things, requires the company to obtain the approval of these banks & institutions, namely for, creating any mortgage, hypothecation, charge, pledge or lien on the movable plant & machinery & stock of raw materials & finished goods etc or any part thereof or encumber the same in any way, appointment or reappointment of the MD/WTD/ Chief Executive including the terms and conditions of their appointment/ reappointment or any change therein, not to pay any dividend to its shareholders until it pays in any financial year until it has paid the installments and interest and other amounts to the lenders, payment of dividend exceeding 10% to the equity share holders, effect any change in the capital structure; make any corporate investments or investment by way of share capital or debenture or lend or advance funds to or place deposits with, any other concern except give normal trade credits or place on security deposits in the normal course of business or make advances to employees; provided that the company may make such investments by way of deposits or advances that are required statutorily to be made as per the existing laws of the country or the rules or regulations or guidelines issued from time to time by the authorities concerned; to undertake new project scheme at any time while the loans or any debt facility is still subsisting.

OBJECTS OF THE ISSUE

The Company is having following facilities in textile sector having its plant at Faridabad, Haryana:

- 1) Readymade Garment Manufacturing with the installed capacity of 24 lakhs pcs p.a.
- 2) Dyeing, Printing and Processing of Woven fabrics with the installed capacity of 360 lakh mtrs p.a.
- 3) Knitting of Fabrics with the installed capacity of 1150 M.T. p.a.
- 4) Dyeing and Processing of Knitted Fabrics with the installed capacity of 4000 M.T. p.a.
- 5) Dyeing and Processing of Yarn with the installed capacity of 1400 M.T. p.a.
- 6) Manufacturing of Sewing Thread with the installed capacity of 400 M.T. p.a.

With the intent to tap both the indigenous as well as international market, which has arisen due to removal of quota restrictions from January 1, 2005, the Company proposes to expand in some of the aforesaid facilities as detailed below:

1. Readymade Garment by setting up a new unit with additional manufacturing capacity of 36 lakhs pieces p.a.
2. Knitting of Fabric by 1000 MT p.a.
3. Dyeing & Processing of Knitted Fabrics by 1500 MT p.a.
4. Dyeing and Processing of Yarn by another 500 MT p.a.
5. Dyeing, Printing and Processing of Woven Fabrics by 90 lakhs meters p.a.
6. Meeting the additional working capital requirement.
7. Meeting the issue expenses.

Net Tangible Assets to the extent of 55.17% will be created out of the issue proceeds.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company enables it to undertake the existing activities and the activities for which the funds are being raised, through the present Issue.

COST OF THE PROJECT

		(Rs. In Lakhs)
Sr. No.	Particulars	Amount
1.	Setting up a new Garment Manufacturing Unit	1660.00
2.	Expansion of the existing capacity for Knitting of Fabric	276.00
3.	Expansion of the existing capacity for Dyeing & Processing of Knitted Fabrics	624.00
4.	Expansion of the existing capacities for Yarn Dyeing and processing	250.00
5.	Expansion of the existing capacity Dyeing, Printing and Processing of Woven Fabrics	500.00
6.	Additional working capital requirement	1000.00
7.	Contingencies	290.00
8.	Issue expenses	400.00
	Total	5000.00

MEANS OF FINANCE

The total estimated cost would be financed entirely by way of the Issue of 1,00,00,000 Equity Shares of Rs. 10/- for cash at price of Rs. 60/- per share. **The excess amount of Rs. 1000 Lakhs will be used to repay the outstanding term loans, which is Rs. 1886.69 lakhs as on December 31, 2005.**

Major Components of the Cost

I. Expansion of the Readymade Garment Manufacturing Unit

The Company has presently a Readymade Garment Manufacturing Unit at the existing unit, 12/6, Mile Stone, Mathura Road, Faridabad (Haryana), with a capacity of 24 lakhs pieces p.a. The garment-manufacturing unit concentrates on T-shirt for men, women and children. The removal quota regime under ATC in the textile sector has led to increase of opportunities to be exploited in the International market in respect of readymade garments. In order to make most of this growth opportunity, the Company now proposes to increase the capacity by setting up a new manufacturing unit with additional capacity of 36 lakhs pieces p.a.

The detail of the cost of expansion of the Readymade Garment Manufacturing unit is as follows:

Particulars	Amount (Rs. in Lakhs)
Land	400.00
Construction of Building	560.00
Plant and Machinery	700.00
Total	1660.00

(a) Land

As per the Company's estimate based on its past experience, 2 acres of land would be required for the proposed Readymade Knitted Garment Manufacturing Unit. SGL has been advised by M/s. Capital Properties, a real estate consultant about the availability and the estimation of the cost of land, developed by Haryana Urban Development Authority in Sector – 58, Faridabad. The Company has not yet identified any plot of land.

(b) Building and Civil Works

SGL will construct the building at the proposed site for setting up the garment manufacturing unit with an approximate covered area of 1 lakh sq. ft. including basement, ground floor and first floor. The estimated cost of the same is Rs. 560 lakhs as per the quotations of M/s Archriti Consultants dated September 9, 2005, the details of which are as follows:

Total area to be covered	Cost per Sq. ft. (Rs.)	Amount (Rs. in Lakhs)
Basement (32,000 sq. ft.)	565.00	180.80
Ground Floor (34,800 sq. ft.)	545.00	189.66
First Floor (34,800 sq. ft.)	545.00	189.66
Total		560.12

(c) Plant and machinery

The Company proposes to procure the plant and machinery for the expansion of the Readymade Garment Manufacturing division. The total estimated cost of required plant and machinery is Rs. 700 Lakhs. The details of the Plant & Machinery are as follows:

(Rs. in Lakhs)							
Particulars	Make	Name of the Supplier	Date of Quotation	Capacity	Quantity	Cost per Unit*	Amount
Sewing, Cutting & Button Machines	Juki Japan, Hashima, Yamato Japan.	India Industrial Garment Machines (P) Ltd.	May 15, 2005	36 lakh pcs p.a.	350 Nos	0.74	259.00
Steam Iron & Vacuum Tables	Ngaishing	India Industrial Garment Machines (P) Ltd.	May 15, 2005	36 lakh pcs p.a.	48 Nos	0.37	17.76
Spreading, Mable Air Floatation Tables and Cutting Machines	—	Gerber Technology, USA	May 15, 2005	36 lakh pcs p.a.	1 No.	110.00	110.00
Dry Cleaning Machine	Fibramatic, Italy	Stefab India Ltd.	July 12, 2005	3 lakh pcs p.a.	1 No.	16.00	16.00
Multiple computerized embroidery Machine	—	Barudan Asia PTE Ltd., Japan	August 31, 2005	—	5 No.	40.00	200.00
Apparels Processing and washing Machines	—	Stefab India Ltd.	July 12, 2005	7.50 lakh pcs p.a.	6 Nos	3.33	19.98
Miscellaneous (including Electric Boiler & Steam Line, Cabling, Lighting, other Electric Installation, Trolley etc.)							699.74 77.00
Total							700.00 (approx.)

(Source: Estimate by Company's management based on quotations of suppliers)

* including Cost, Insurance & Freight (CIF) at Site.

2. Expansion of existing capacity of Knitting of Fabrics

The Company has latest facilities for Knitting of fabrics with an ultra modern humidification plant. It manufactures a variety of knitted structures such as Single jersey, Rib Eight locks, Interlocks, Mini Jacquards, Flat Backs, Auto Stripes Fleece, Jacquard, Waffles and many other textures. The existing capacity of the knitting of fabric is 1150 MT p.a. Now, to meet the increased in-house requirement of the new Readymade Garment Manufacturing Unit to be set up by the company, it is planning an expansion of the existing capacity by 1000 MT p.a.

The Company has adequate existing land and building to install the required machinery for the abovementioned expansion of knitting capacity. This facility will be installed at the existing unit at 12/6, Mile Stone, Mathura Road, Faridabad (Haryana). The machine, which the company is proposing to put in, is Circular Knitting machine with speed of 30 RPM (10 in nos.) from Tarrot (Germany). The estimated cost as per the quotation received from Tarrot (Germany) is Rs. 276 Lakhs.

3. Expansion of existing capacity of Dyeing & Processing of Knitted fabrics

The Company has an existing capacity of Dyeing & Processing of Knitted fabrics to the tune of 4000 MT p.a. which facilitates the dyeing of all types of fabrics including cotton, poly, lycra and blended. The same is now proposed to be increased by 1500 MT p.a. to meet the augmented requirements of the new Readymade Garment Manufacturing Unit.

The Company is proposing to install the required machinery for the abovementioned expansion at its existing unit in Faridabad (Haryana).

The details of the cost of said expansion are as follows:

Particulars	Amount (Rs. in Lakhs)
Plant & Machinery	485.00
Miscellaneous Fixed Assets	139.00
Total	624.00

(a) Plant and machinery

The Company proposes to procure and put up the following machinery for the said purpose at the estimated cost of Rs. 485 Lakhs.

(Rs. In Lakhs)						
Particulars Supplier	Name of the Quotation	Date of	Capacity	Quantity	Cost per Unit*	Amount
Soft flow dyeing machine	Brazzoli SPA, Italy	March 24, 2005	1000 kgs	2 Nos	109.00	218.00
Open Width Compacting machine	Lafer S. P. A., Italy	March 11, 2005	4 Ton per day	1 No.	160.00	160.00
Slit Opening machine (Automatic Fabric cutting machine)	Bianco, Italy	February 15, 2005	4 Ton per day	1 No.	14.00	14.00
Stenter 5 Chamber with knit attachment with arrangement of Oil heating system	Harish, Ahmedabad	December 21, 2004	6 Ton per day	1 No.	71.00	71.00
Lab equipment – Computer colour matching	Gretamacbeth, U.S.A	March 16, 2005	—	1 No.	22.00	22.00
Total						485.00

(Source: Estimate by Company's management based on quotations of suppliers)

* including Cost, Insurance & Freight (CIF) at Site.

(b) Miscellaneous Fixed Assets

The miscellaneous fixed assets utilized in the process of Dyeing & Processing of Knitted fabrics are estimated to cost Rs. 139 Lakhs, as detailed hereunder:

(Rs. In Lakhs)

Particulars	Name of the Supplier	Date of Quotation	Capacity	Quantity	Cost per Unit* (Rs.)	Amount
Boiler and Thermopac	J.N. Gopal & Co. Pvt. Ltd., Thermax India Ltd., Govind Furnance	March 16, 2005	—	1 No.	32.00	32.00
Hosiery attachment for rotary printing machine including UPS system	Stalmax Engineering, Ahmedabad	June 22, 2005	—	1 No.	8.00	8.00
Water storage Tank**	Tirupati Steels, National Builders	March 28, 2005	10 lakhs ltrs	1 No.	49.00	49.00
MS Pipe Line valves	J.N. Gopal & Co. Pvt. Ltd.	July 1, 2005	—	1 No.	15.00	15.00
Electric Installation cable etc. Misc. erection installation charges	Three Star Electrical	July 1, 2005	—	1 No.	13.00	13.00
Total						139.00

* including Cost, Insurance & Freight (CIF) at Site.

** Company has already purchased the water tank

4. Expansion of existing capacity for Dyeing and Processing of Yarn

Presently, the Company has the facility of dyeing and processing of Yarn equipped with latest machinery and deals in combed & semi-combed yarn, cotton & polyester yarn of various counts. It has the capacity of 1400 MT p.a. and now the company proposes to increase it by 500 MT p.a., to deal with the needs of new readymade garment manufacturing unit.

The Company is planning to carry out the said expansion by putting the following additional machines at its unit at Faridabad (Haryana):

(Rs. in lakhs)

Particulars	Make Supplier	Name of the Quotation	Date of	Capacity	Quantity Unit* (Rs.)	Cost per	Amount
Winder & Un Winding Machine	—	Peass Industrial Engineer Ltd.	July 11, 2005	1.50 ton per day	1 No.	30.00	30.00
Dyeing M/C	Dalal	ATE Marketing	July 12, 2005	500 Kgs	1 No.	90.00	90.00
Dyeing M/C	Dalal	ATE Marketing	July 12, 2005	300 Kgs	1 No.	64.00	64.00
Dyeing M/C	Dalal	ATE Marketing	July 12, 2005	100 Kgs	1 No.	41.00	41.00
Dyeing M/C	Dalal	ATE Marketing	July 12, 2005	5 Kgs	1 No.	7.00	7.00
Hydro Extractor	—	Lakshmi Card Clothing Co.	July 11, 2005 per day	2 Ton	1 No.	18.00	18.00
Total							250.00

(Source: Estimate by Company's management based on quotations of suppliers)

* including Cost, Insurance & Freight (CIF) at Site.

5. Expansion of capacity for Dyeing, Printing and Processing of Woven Fabrics

The Company has the Dyeing, Printing and processing of Woven Fabrics division with the capacity of 360 lakh metres p.a. It now proposes to expand the same, to strengthen its position in the field of Dyeing, Printing and Processing of Woven Fabrics with an additional capacity of 90 lakh metres p.a.

The following machinery is proposed to be installed at the company's unit at Faridabad in order to expand this division:

(Rs. in lakhs)

Particulars	Make Supplier	Name of the Quotation	Date of	Capacity	Quantity Unit* (Rs.)	Cost per	Amount
Rotary Screen	Stormac	ATE	July 12,	20,000 -	1 No.	86.00	86.00
Printing Machine	Marketing		2005	30,000 metres per day			
Compressive Shrinkage Range	—	Dhall Engineering	July 14, 2005	30,000 metres per day	1 No.	44.00	44.00
Hot Air Stenter	—	Harish Enterprises Pvt. Ltd.	July 13, 2005	30,000 metres per day	1 No.	70.00	70.00
Chainless Mercerizer Machine	—	Dhall Engineering	July 14, 2005	15,000 metres per day	1 No.	32.00	32.00
Vertical Drying Range	—	Dhall Engineering	July 14, 2005	30,000 metres per day	1 No.	21.00	21.00
Scouring & Bleaching Unit	—	Harish Enterprises Pvt. Ltd.	July 13, 2005	30,000 metres per day	1 No.	28.00	28.00
Hydraulic Jiggers	—	Harish Enterprises Pvt. Ltd.	July 13, 2005	5000 metres per day	4 Nos	30.00	120.00
Trolleys, Batch Rolls, etc.	—	—	—	—	1 No.	30.00	30.00
Miscellaneous including erection, Installation etc.							69.00
Total							500.00

(Source: Estimate by Company's management based on quotations of suppliers)

* including Cost, Insurance & Freight (CIF) at Site.

6. Additional Working Capital

The Company intends to raise funds to meet part of its additional working capital requirements through public issue. The company has estimated an amount of Rs. 1000 Lakhs as total working capital requirement. The details of the estimates of the Working Capital requirement are given below:

(Amount in Lakhs)

Particulars	2005-06		2006-07	
	Months	Amount	Months	Amount
Stock WIP	1.00	1518.00	1.00	1822.00
Stock FG	0.60	906.00	0.60	1087.00
Stock RM	1.50	1826.00	1.50	2191.00
Debtors	2.60	4292.00	2.60	5150.00
Current Assets (A)		8542.00		10250.00
Raw Material Creditors	1.00	1250.00	1.00	1500.00
Current Liabilities (B)		1250.00		1500.00
Net Current Assets (A) - (B)		7292.00		8750.00
Less Margin		2188.00		2625.00
Bank Finance		5104.00		6125.00

Out of Margin amount of Rs. 2188.00 Lakhs in the FY 2005-06 and Rs. 2625.00 Lakhs in the FY 2006-07, Rs. 500.00 Lakhs in each year will be met out from Public Issue proceedings and balance amount from Internal accruals.

As on March 31, 2005 the Company has the working capital limits of Rs. 4517.80 lakhs, the details of which are given on page no. 70 of the prospectus under the section titled "Financial Information of the Company".

7. Contingencies

The Company has provided 5.80% of the total project cost estimated at Rs. 5000 Lakhs. The cost estimates are based on the quotations for majority of the capital equipments and no major change in the cost is expected. Contingencies are mainly to provide for fluctuations in prices of land, cost of construction of building, cost of plant & machinery. In case the increase in prices is less than the amount provided for, the balance will be utilized for general corporate purposes.

8. Public Issue expenses

The expenses for this Issue includes issue management fees, selling 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 Rs. 400 Lakhs, details of which are as under:

(Rs. In Lakhs)

Activity	Amount
Issue Management	62.50
Registrars fees	37.50
Printing & Distribution of Issue Stationery	50.00
Advertising and Marketing expenses	50.00
Brokerage and Selling commission	150.00
Other expenses	50.00
Total	400.00

PROPOSED SCHEDULE OF IMPLEMENTATION

Activity	Commencement Date	Completion Date	Commercial Production
Setting up a new Garment Manufacturing Unit	April, 2006	July, 2007	August, 2007
· Acquisition of Land	April, 2006	May, 2006	—
· Construction of Building	January, 2006	May, 2007	—
· Plant and Machinery	April, 2006	July, 2007	—
Expansion of the existing capacity of knitting of fabric	April, 2005	August, 2006	September, 2006
Expansion of the existing capacity of dyeing and processing knitted fabric	April, 2005	August, 2006	September, 2006
To expand the existing capacity of Dyeing, Printing and Processing of Woven Fabrics.	September, 2005	August, 2006	September, 2006
Expand the existing capacity for yarn dyeing and processing	October, 2005	August, 2006	September, 2006

PROPOSED DEPLOYMENT OF FUNDS IN THE PROJECT

The quarter -wise breakup of proposed deployment of funds is mentioned below:

(Amt. In Rs. Lakhs)					
Particulars	For the quarter ended June, 2006	For the quarter ended September, 2006	For the quarter ended December, 2006	For the quarter ended March, 2007	Total
Working Capital	1000.00	-	-	-	1000.00
Repayment of Term Loan	1000.00	-	-	-	1000.00
Land	400.00	-	-	-	400.00
Building	150.00	150.00	150.00	110.00	560.00
Plant & Machinery	850.00	800.00	500.00	200.00	2350.00
Issue Expenses	400.00	-	-	-	400.00
Contingencies	140.00	75.00	75.00	-	290.00
Total	3940.00	1025.00	725.00	310.00	6000.00

(Source: Estimate by Company's Management)

Utility Requirement and Availability of Utilities

1. Power

The power requirement for the new garment unit is estimated at 500 KW. The company plans to source the power from the DHBVNL, from which the Company's existing requirements are fulfilled. The present rate of power supply from DHBVNL is Rs. 4.10 per unit. Out of the total 7 DG sets maintained by the Company at its present plant, it plans to utilize one set of 625 KVA as the back up at the proposed new unit.

The increased power requirement for the expansion of various facilities at the existing plant of the Company is estimated to be 658 KW. The existing sanctioned load from DHBVNL is sufficient to meet the enhanced needs of power.

2. Water

The water requirement of the company for the proposed garment manufacturing unit will be 2,00,000 ltrs. per day. The company shall source the water from a tube well to be installed in the premises.

The enhanced requirement of water for the expansion at the existing plant would be 3,00,000 ltrs. per day and the existing set up of tube wells will be sufficient to meet the enhanced requirement.

3. Manpower

The expansion, which is proposed by the Company, is in the business in which the Company is already operating. The Company plans to meet the workers requirement locally.

The additional requirement of manpower would be as follows: -

S. No.	Unit	Skilled	Unskilled	Total	Contract Basis	Grand Total
1.	New knitted garment plant	50	75	125	175	300
2.	Capacity increase in existing knitted plant	20	20	40	30	70
3	Increase in capacity of printing dyeing & processing of woven fabrics	25	40	65	65	130
4.	Increase in capacity of yarn dyeing	5	10	15	10	25
	Total	100	145	245	280	525

INTERIM USE OF FUNDS

Pending any use as described above, the Company intends to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by Board of Directors of the Company or a duly authorised committee thereof.

Any increase in the cost of the project is intended to be funded by Internal Accruals.

FUNDS DEPLOYED IN THE PROJECT TILL DATE

As per the certificate dated September 1, 2005 given by the Auditors, M/s M.M. Goyal & Co. Chartered Accountants, the actual expenditure incurred on the project is Rs. 90.80 Lakhs. The details are given below:

Expenditure	Total Amount (Rs. In Lakhs)
Plant & Machinery	43.20
Advances for Machinery	38.30
Preliminary and Issue Expenses	10.20
Total	90.80
Means of Finance:	
Internal Accruals	90.80

APPRAISAL

The project of the Company has not been appraised by any Bank or Financial Institution.

Monitoring of Utilization of Funds

The Audit Committee of the Board of Directors of the Company will monitor the end use of funds. The Company has also appointed Union Bank of India as the monitoring agency.

BASIC TERMS OF THE ISSUE

The Equity Shares, now being offered, are subject to the terms and conditions of this Prospectus, the Application form, the Memorandum and Articles of Association of the Company, the guidelines for listing of securities issued by the Government of India and the guidelines issued by SEBI from time to time, the Depositories Act and the provisions of the Act.

In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the guidelines, notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the risk factors included in the page nos. iii to viii and the details about the company and its financial statements included in this Prospectus. The trading price of the Equity shares of the Company could decline due to these risk factors and you may loose all or part of your investments.

Qualitative Factors

Profit making

The Company has been a profit making company since the first year of its operations.

In-house facility

The Company has vertically integrated operations facility wherein it has in-house knitting, Dyeing, Processing, Washing, Embroidery, Printing, Specialised Washes, Garment stitching and Finishing facilities. This allows the company to reduce cost and lead times.

Creative Capability

In textile, the ability to introduce creative design and colours from time to time is the key element. To be in line with this requirement, the Company has a Design Studio and a team of 25 designers who design and develops the product as per the requirements of the customer and the latest standards of the international market. The Company on an average develops 2 to 3 designs in its garment as well as printing divisions. Also, the company has in-house laboratory for developing the shades.

Sampling Capability

SGL has the sampling services for all its divisions so that the output is developed as per the buyer specifications and the current market requirements. In Garment manufacturing division, it has a sample room with approximately 50 machines, including certain specialized machines viz. Feeders backlatch lockstitch machine, Top feed flatlock with lint collector, 12 needle elastic insertion & plating machine and 5 thread overlock with back latch and lint collector, backed with the a pattern making and fully automated CAD room with the ability to provide samples as per buyer requirement. For woven fabric processing, the company has the design development department, which develops the swatches of shades. It also has a single head Rotary Machine and other small size machines (8 nos) for developing the samples. SGL has a separate sampling department and Research & Development lab having machines of 1 Kg and 5 Kgs for developing samples including Data Color Dispenser and Photo Spectrometer for its Knitted fabric and Yarn processing facilities.

Qualified Management

The Company is managed by the team who is qualified and has relevant experience in their respective spheres. The Board of Directors of the Company has people from various fields viz. people with experience in the Textile Industry, people with expertise in finance, law, administration etc.

Quantitative Factors

1. Adjusted Earning Per Equity Share*

Year	Earning per Equity Share	Weight
2004-05	4.27	3
2003-04	1.67	2
2002-03	1.85	1
Weighted Average		3.0

*Face value of the equity shares is Rs. 10/-.

2. Price / Earning (P/E) ratio in relation to the Issue Price of Rs. 60/-.

	At Rs. 60 per equity share
Based on the Adjusted EPS for the year ended March 31, 2005	14.05
Based on the weighted average EPS	20
Industry P/E*	
Textile-Processing	
i) Highest	98.50
ii) Lowest	0.80
iii) Average	14.20

Textile-Product

i) Highest	100.70
ii) Lowest	5.80
iii) Average	30.90

*(Source: Capital Market Jan 30 - Feb 12, 2006)

3. Return on Net Worth (RoNW)

Year	RoNW %	Weight
2004-05	17.80	3
2003-04	8.45	2
2002-03	10.25	1
Weighted Average	13.42	

4. Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS of Rs. 4.27 is 10.72% at Price of Rs. 60/-.

5. Net Asset Value per share (NAV)

	Adjusted NAV
As of March 31, 2005	Rs. 24.00
After the Issue	Rs. 34.72

6. Comparison with Industry Peers*

As the company is operating in, textile processing and textile products, the comparison with industry peers who have the same manufacturing facilities in both these segments have been indicated below:

Name of the Company	Face Value (Rs.)	EPS** (Rs.)	P/E (times)	NAV (Rs.)	RoNW (%)
Textile-Processing					
Alok Inds.	10	6.3	11.50	42.20	17.90
Anjani Synth	10	3.7	5.2	18.00	20.30
BSL	10	3.30	12.9	63.40	6.20
Textile-Product					
Alps Industries	10	16.60	8.8	117.2	19.90
Nahar Spinnings	10	5.7	42.0	342.50	2.0

*(Source: Capital Market Jan 30 - Feb 12, 2006)

** Trailing Twelve Months Earning Per Share

7. The face value of Equity Shares of Shivalik Global Limited is Rs. 10, issued at the Price of Rs. 60 per equity share.

The Issue Price of Rs. 60, to be determined by the Company in consultation with the Lead Managers and is justified on the basis of the above factors.

STATEMENT OF TAX BENEFITS

The Company has been advised by M/s M.M Goyal & Co., Chartered Accountants, Statutory Auditors of the Company, vide their letter dated September 01, 2005 that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter-alia, will be available to the Company and the Members.

A. TO THE COMPANY

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

The Company is eligible under section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.

B. TO THE RESIDENT MEMBERS OF THE COMPANY

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

1. Members will be entitled to exemption, under section 10(34) of the Act, in respect of the income by way of dividend received from the Company.
2. If the shares of the Company are sold by its members, after being held for more than 12 months, in a transaction entered into in a recognized stock exchange in India, the gain, if any, would be exempt from tax as per the provisions of Sections 10(38).
3. If the shares of the Company are sold by the members, after holding them for a period of less than 12 months, in a transaction entered into in a recognized stock exchange in India, the gain, if any, shall be chargeable to tax @10% [plus applicable surcharge and education cess] as per the provisions of Section 111A of the Act.
4. The long-term capital gains accruing to the members of the Company from the transfer of the shares of the Company, otherwise than as mentioned in point 2 above, shall be charged to tax after deducting the indexed cost of acquisition at 20% (plus applicable surcharge and education cess) or without the benefits of indexation @10% (plus applicable surcharge and education cess) as per the provisions of Section 112 of the Act. Long Term Capital Gains on sale of shares of the Company by the members shall be exempt from income tax if such gains are invested in bonds/equity shares specified in Section 54EC or Section 54ED of the Act respectively, subject to the fulfillment of the conditions specified in those sections. In the case of individual or HUF members, Long Term Capital Gains on sale of shares of the Company shall be exempt from Income tax u/s 54F of the Act subject to the fulfillment of the conditions specified therein.

Under Wealth Tax Act, 1957

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

C. TO THE NON-RESIDENT INDIAN MEMBERS OF THE COMPANY

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

1. Members will be entitled to exemption, under section 10(34) of the Act, in respect of the income by way of dividend received from the Company.
2. If the shares of the Company are sold by its members, after being held for more than 12 months, in a transaction entered into in a recognized stock exchange in India, the gain, if any, would be exempt from tax as per the provisions of Section 10(38) of the Act.
3. If the shares of the Company are sold by the members, after holding them for a period of less than 12 months, in a transaction entered into in a recognized stock exchange in India, the gain, if any, shall be chargeable to tax @10% [plus applicable surcharge and education cess] as per the provisions of section 111A of the Act.
4. Under Section 115E of the Act where shares in the Company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares in a manner other than as specified in Section 10(38) of the Act held for a period exceeding 12 months shall be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess of 2% of tax)

(without indexation benefit but with protection against foreign exchange fluctuation).

5. Under section 115F of the Act, long term capital gains arising to a Non-Resident Indian on transfer of shares of the Company in the manner other than as specified in 10(38) of the Act subscribed to in convertible foreign exchange shall be exempt from income tax, if net consideration is re-invested in specified asset within six months of the date of transfer. If only part of the consideration is so invested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax, if the specified assets are transferred or converted within three years from the date of their acquisition.
6. Under provision of section 115G of the Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
7. Under provision of section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of chapter XII-A for any Assessment Year by furnishing his Return of Income under section 139 of the Act declaring therein that the provisions of this chapter shall not apply to him for that Assessment Year whereupon his total income for that assessment year will be computed according to the other provisions of the Act and he would be eligible to get concessions applicable to a resident individual and would get be taxed accordingly.
8. Under the first provision to section 48 of the Act in case of a non resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales, consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

However, the benefit will be available only when the shares are transferred in a manner other than as specified in Section 10(38) of the Act.

Under Wealth Tax Act, 1957

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

D. TO FOREIGN INSTITUTIONAL INVESTORS (FIIs)

1. Income by way of dividend received on shares of the Company is exempt u/s 10(34) of the Act.
2. If the shares of the Company are sold by its members after being held for more than 12 months in a transaction entered into in a recognized stock exchange in India, the gain, if any, would be exempt from tax as per the provisions of Section 10(38) of the Act.
3. If the shares of the Company are sold by the members, after holding them for a period of less than 12 months, in a transaction entered into in a recognized stock exchange in India, the gain, if any, shall be chargeable to tax @10% [plus applicable surcharge and education cess] as per the provisions of Section 111A of the Act.
4. Under Section 115AD(1)(b)(ii) of the Act, Income by way of Short Term Capital Gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the Company for a period of less than 12 months will be taxable @30% (plus applicable surcharge and education cess).
5. Under Section 115AD(1)(b)(iii) of the Act, Income by way of Long Term Capital Gain arising from the transfer of shares (otherwise than as mentioned in 1 above) held in the Company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by Section 45 of the Act are not available to Foreign Institutional Investors.

E. TO VENTURE CAPITAL COMPANIES/FUNDS

In terms of section 10(23FB) of the Act all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from an income from sale of shares of the Company.

F. TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax.

Notes:

1. All the above benefits are as per the current tax law 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 of Non-Residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the Non-Resident has fiscal domicile.
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 Issue.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Overview of the Textile Industry in India

The textile industry occupies a unique position in the Indian economy as it contributes significantly to the industrial production, employment generation and foreign exchange earnings. Currently, it adds about 14 per cent to the industrial production and about 4 per cent to the GDP. It has potential for employment generation, particularly in the rural and remote areas of the country on account of its close linkage with agriculture. It provides direct employment to about 35 million people including substantial segments of SC /ST and women. The contribution of this industry to the gross export earnings of the country is about 21 per cent. The growth and development of this industry has a bearing on the overall development of the Indian economy. The Indian textile industry is complex and varied. This industry uses natural fibres – cotton, jute, silk and wool, as well as synthetic/ man-made fibres – polyester, viscose nylon, acrylic and their multiple blends.

The textile industry has grown and the noticeable feature in this growth process has been the installation of large number of open end rotors in the 1990s, and the setting up of 100% Export Oriented Units (EOUs) in the spinning sector. The production of spun yarn is anticipated to touch 3221.37 million kg during 2004-05. It is worth noting that the production of 100% non-cotton yarn has shown an upward trend in recent years and it is anticipated to reach 377.31 million kg during 2004-05 from 341.76 million kg achieved during 2003-04, registering an annual growth rate of 10.40%. The total production of cloth during 2003-04 was 42,383 mn sq. mtrs and is anticipated to touch 44,322 mn. Sq. mtrs. in 2004-05.

Further, the textile exports on a year-to-year basis recorded a growth of 4.6% during April-November 2004 and in value terms amounted to US\$ 8,348.5 mn against US\$ 7,981.5 mn in the corresponding period of the previous year.

(Source: www.texmin.nic.in)

History of quota regime and its removal

International trade of textiles and clothing was regulated under the framework of MFA for the period 1974 to 1994. The same was brought under the WTO's ATC from January 1, 1995 for 10-year transitional period so as to phase it out by December 2004. Hence the quotas as well as their growth rates, existing under the Multifibre Arrangement on December 31, 1994 were carried over into the WTO agreement with the quota levels defined to automatically increase during the 10-year transition period. The trade thereby was largely restricted and free flow or movement of goods was prohibited on the reaching of the quota limits.

The ATC was a transitory regime between the MFA and the full integration of textiles and clothing into the multilateral trading system. As per the ATC agreement, the signatory members were to remove all the quantitative restrictions in four phases over a 10-year period. Accordingly with the beginning of the fourth phase, the quotas were removed from January 1, 2005.

POST 2005

Global Scenario

The ATC agreement restricted exports from the developing countries like India to the developed countries like USA, UK etc. With the elimination of the export quotas, the competition has grown significantly. Worst affected have been the knitting industries in countries like Hong Kong, Taiwan and Korea; which used to receive the greatest quota allocation in USA and EU before the elimination of the quotas. However, the main beneficiaries of the same have been developing countries like India as their exports have increased at all the level in textile.

In this scenario, China followed by India has been the front-runner in the race and hence are the key beneficiaries, while countries like Bangladesh, Mexico and Mauritius enjoyed marginal gains. The reason for the same has been that China and India enjoy high level of integration whereas the other countries lack this integration resulting in loss of competitiveness. The growth in textile exports naturally means a large spurt in demand for yarn in the domestic market. The demand for made-ups, garments and home furnishings would also rise from India considering the cost competitiveness in comparison to global players. In the textile segments imports from developing nations will be always competitive on account of their low labour cost, which is 10% of the total manufacturing costs as against 50% of the total manufacturing costs in the developed countries.

INDIAN TEXTILE AND CLOTHING INDUSTRY

The US\$37 billion (FY04) Indian textile industry is well diversified, both from manufacturing and marketing perspective. It offers a wide variety of products ranging from fibre to garments and cotton to synthetic. Around two-third (US\$ 25 billion) of the total textile and clothing production is consumed in the domestic market and remaining one-third (US\$ 12 billion) is merchandised to foreign consumers. However the unorganized segment and its uneconomical size with proprietary ownership has impacted the growth of the Indian textile companies in the overseas market. In addition to this, the biased government policies in favour of SSI sector have constantly discouraged large investments and accordingly growth prospects of the industry have also got restricted.

The clothing industry is highly labour intensive and offers entry-level jobs for unskilled labour in developed as well as in the developing countries. Also relatively modern technology can be adopted even in poor countries since the investment cost is low. This feature of the industry has provided a growth path to some poor countries like Bangladesh, Sri Lanka, Vietnam and Mauritius. A rapid growth has been witnessed in more developed countries that have entered into preferential agreements with the EU or the US or both. Considering the huge population and availability of cheap labour (skilled as well as unskilled) India and China would be the key beneficiaries in the post quota regime.

Performance Highlights of the Indian Textile Sector

India is today one of the leading countries in the world as far as cotton textile trade is concerned. Contribution of the textile sector has been worth mentioning since it has led to the overall growth of the domestic economy. It can be illustrated as follows: -

(Source: www.texmin.nic.in)

Contribution to the Economic development

Textiles industry occupies an important place in Indian economy, which can be classified as follows:

- Employs 3.5 crore people and is the second highest employer
- Contributes 21% to the total exports earnings and 4% to the GDP.
- Potential to promote employment, especially in rural areas.

India's Potential in the Apparel sector

India has the potential to become the second largest exporter among low cost countries. It can grow its apparel exports from US\$6 billion in 2002 to US\$30 billion by 2015. This would require exports at 12-13% 00a year, as against the historical average of 6%. Globally the apparel market can be segmented in two categories: -

- **Basic Segment** – This includes **men's shirts, trousers, suits, coats and innerwear, women's skirts, trousers, tops and innerwear and infant wear**. This accounts to almost 70-75% of the world trade in garments. The demand is growing on a good pace. Thus to patch up the growing demand large-scale operations, quality control, efficient supply chain and certain other factors are required.
- **Value added Segment** – This includes women's dresses, women coats and jackets and accessories such as ties. This value added segment covers the remaining 25-30% of the world trade in garments. Here the consumer demand is very difficult to predict and demand rises or contracts as per the seasonal trends. Hence, high quality and creative design drive the sales.

Indian apparel makers and foreign buyers have recognized India's competitiveness in the second category and hence we are considered as producers of value-added garments and accessories such as women's tops and embroidered products. But they have been unable to leverage India's potential in basic segments such as men's shirts, and men's and women's trousers, which accounts for 70-75% of the world trade. Also, traditional buyers as well as Indian companies have persisted in seeing India as competitive in skill-intensive products, while China leads in large - scale basic garments.

GOVERNMENT'S INITIATIVES

As per the National Common Minimum Programme, the textile industry will be enabled to meet new challenges imposed by the abolition of quotas from January 2005 under the international Multi-Fibre Arrangement (MFA). In pursuance, the Government has initiated a number of measure for strengthening the domestic textile industry for meeting global competition. The following important announcements were made in the Union Budget 2004-05:

- Except for mandatory excise duty on polyester filament yarn including texturised yarn, synthetic and artificial fibres and synthetic and artificial filament yarns, the whole value addition chain was given excise exemption option.
- Additional Excise Duty on Textiles & Textile Articles (AT&T) and Additional Excise Duty (Goods of 3 Special Importance) Act was abolished.
- Basic customs duty on various textile machinery items and spare parts was reduced to 5%.

The following important announcements have been made in the Union Budget 2005-06:

- The allocation to Technology Upgradation Fund Scheme (TUFS) has been enhanced to Rs. 435 crore, along with an additional capital subsidy of 10% for the processing sector.
- Thirty textiles products and hosiery items have been identified for dereservation from the ambit of Small Scale Industry.
- Creation of a Special Purpose Vehicle (SPV) for improving infrastructure in manufacturing with an investment of Rs. 10,000 crore.
- Excise Duty on Polyester Filament Yarn (PFY) and Polyester Texturised Yarn (PTY) reduced from 24% to 16%.
- Optional CENVAT Scheme has been extended to stand alone Texturising Units at 8% excise duty with CENVAT credit or at nil duty without CENVAT credit.
- Peak customs duty rates reduced from 20% to 15%.
- Duties on specified textile machinery items, raw materials and spare parts for manufacture of such machinery brought down from 20% to 10%. The existing concessional duty of 5% on some other machinery is being continued.

Besides, a number of steps have been taken to provide an enabling environment to the Indian Textile Industry to meet the emerging global competition. Some of the important initiatives taken are:

- Launching of TUFS in April 1999 for a period of five years to facilitate the modernization and upgradation of textile sector. The Scheme has since been extended till 31.03.2007.
- Launching of Technology Mission on Cotton (TMC) in February 2000 to improve productivity and quality of cotton. The scheme will continue till the end of 10th Five Year Plan (31.03.2007).
- Launching of "Apparel Park for Export Scheme" in March 2002 for setting up of apparel manufacturing units of international standards at potential growth centres for exports.
- Launching of "Textile Centre Infrastructure Development Scheme" (TCIDS) in March 2002, modified subsequently in November 2002, for upgrading infrastructure facilities at important textile centres.
- Launching of High-Tech Weaving & Processing Parks for modernization of the Powerloom Sector in places having high concentration of powerloom units. The High-Tech Weaving & Processing Parks are availing a package of benefits under existing schemes like TUFS, Group Workshed scheme for Powerloom and TCIDS.

Announcement of National Textile Policy

One of the main objectives of the National Textile Policy (NTxP-2000) announced in November 2000 is to facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The policy endeavors to achieve the target of textile and apparel exports from the present level to US \$ 50 billion by 2010 of which the share of garments will be US \$ 25 billion.

Liberalization of FDI Policy

Government has allowed foreign equity participation upto 100%, through automatic route, in the textile sector with the only exception in knitwear/knitting sector.

Export Promotion Capital Goods (EPCG) Scheme

The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the new Foreign Trade Policy as announced on August 31, 2004.

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 Exemption Pass Book (DEPB) Scheme

DEPB credit rates have been prescribed for 83 textiles and clothing products. The nomenclature and rates for DEPB entries pertaining to certain textile products have been rationalized. The DEPB credit rates were reduced by 45% across the board in all textile items on 23.09.2004. While addressing the concerns of certain segments of the trade, the DEPB credit rates were again revised on 30.12.2004 by announcing changes to the extent of 60% reduction in respect of cotton textile items, 30% reduction in blended textile and woollen items and 22.5% reduction in man-made textile and silk items in place of 45% reduction effected earlier.

Setting up of modern laboratories

The Ministry of Textiles has assisted the Textile Committee in setting up modern textile and apparels laboratories to ensure that the textiles exported from the country meet all international environmental standards.

(Source: www.texmin.nic.in)

BUSINESS OF THE COMPANY

Overview

Shivalik Global Limited is the Company operating in the textile sector both on the processing as well as product segments. It came into existence in the year 1997-98. The Company has the manufacturing Plant at Faridabad. It commenced its operations by Manufacturing of Knitted garments catering to the T-Shirts segment, Dyeing, Printing & processing of Woven fabric and Dyeing & Processing of Yarn. At present, the Company has become a multi-divisional textile unit and also has the facilities for Knitting of Fabric, Dyeing and Processing of Knitted Fabric and Manufacturing of Sewing Thread.

The Company provides apparel procurement needs from yarn to fabric and in garment, from design to delivery. The company maintains a design studio with a team of 25 designers who designs and develops the products as per customer's needs. It also maintains a laboratory for developing the shades and has already developed a shade card of about 500 colours and has stringent quality checks at each steps of manufacturing process.

At present, the Company exports 100% of the readymade garments manufactured by it.

The Company's turnover has increased from Rs.1300 lakhs in the year 1998-99 to Rs. 16500 lakhs in the year 2004-05.

Business Strategy

The Company's vision is to prove its existence in the international market as one of the major player in the textile industry by offering all related services to cater to the need of readymade garments segment. The removal of quota regime has provided the Company with a prospect for growth, as now the company does not have a limit on exports quantity. The company plans to tap the future growth prospects with following approaches: -

- Expanding the existing capacity of manufacturing garments to value the most out of the growing market place in the textile industry.
- Simultaneously, expanding the other in-house facilities, which provide the inputs for the garment manufacturing, so that there is no need to look for outside suppliers. Also, capture the needs of other garment manufacturers in the industry due to opportunities thrown open for the Indian Garment Manufacturing Industry in the current scenario.
- The Company also intends to enhance its customer base by way of customer satisfaction through innovative designs and colour blends.

Location of the Plant

The Company's plant is located at 12/6, Mathura Road, Faridabad. The location of the company is just 2 km. from Delhi border on the Delhi – Mathura Road highway.

The Company has the following facilities catering to the needs of the textile industry under one roof: -

- Dyeing and Processing of Yarn with the installed capacity of 1400 M.T. p.a.
- Knitting of Fabrics with the installed capacity of 1150 M.T. p.a.
- Dyeing and Processing of Knitted fabrics with the installed capacity of 4000 M.T. p.a.
- Manufacturing of Readymade Knitted Garments. (T-Shirts for men, women and children) with the installed capacity of 24 lakhs pcs p.a.
- Dyeing, Printing and Processing of Woven Fabrics with the installed capacity of 360 lakh mtrs p.a.
- Manufacturing of Sewing Thread with the installed capacity of 400 M.T. p.a.

Capacity & Capacity Utilization

Products		Unit	2002-03	2003-04	2004-05
Readymade Garments	Installed Capacity	Lakhs Pcs	24.00	24.00	24.00
	Utilised Capacity	Lakhs Pcs	489456	906612	1344817
	Utilized Capacity	%	20.39%	37.77%	56.03%
Dyeing, Printing & Processing of Woven Fabric	Installed Capacity	Mtrs.	360.00	360.00	360.00
	Utilised Capacity	Mtrs.	165.61	161.52	299.15
	Utilized Capacity	%	46.00%	44.86%	83.09%

Knitted Fabric	Installed Capacity	M.T.	1150.00	1150.00	1150.00
	Utilised Capacity	M. T	713.00	782.00	897.00
	Utilized Capacity	%	62%	68%	78%
Dyeing of Knitted Fabric	Installed Capacity	M.T.	3000.00	4000.00	4000.00
	Utilised Capacity	M.T.	4594.32	5696.72	5710.89
	Utilized Capacity	%	153.14%	142.41%	142.77%
Dyeing and Processing of Yarn	Installed Capacity	M.T.	825.00	1400.00	1400.00
	Utilised Capacity	M. T.	369.225	398.642	676.136
	Utilized Capacity	%	44.75%	28.47%	48.29%
Manufacturing of Sewing Thread	Installed Capacity	M.T.	400.00	400.00	400.0
	Utilised Capacity	M. T.	116.88	108.82	48.86
	Utilized Capacity	%	29.22%	27.20%	12.81%

RAW MATERIAL

The main raw materials used by the Company are as follows:

- Grey Yarn**
 The Company has its own procurement set up for procuring all the grey yarn, which is available in the near vicinity of the company. The total requirement of Grey yarn is approx. 1200 M.T. p.a. There are number of suppliers and manufacturers of grey yarn and the Company does not foresee any problem in procuring the desired quantity of grey yarn.
- Grey Knitted Fabric**
 The Company having its knitting facility which provides about 25% of the requirement of knitted fabric and rest of the knitted fabric requirement is procured from the market directly or get it knitted on job work from the knitting units situated in the near vicinity of the company. The total requirement of Grey Knitted Fabric is 3500 M.T p.a.
- Grey Woven Fabric**
 The grey woven fabric is available mainly in Surat, Bhiwandi, Ahmedabad and the Company procures the same from the authorized agents / dealers in Delhi. The procurement department of the company procures the fabric as per the requirement and order placed by the marketing department. The grey fabric is available easily and the company does not foresee any difficulty in procuring the grey fabric. The total requirement of Grey Woven Fabric is 160 Lakhs metres p.a.
- Dyes and Chemicals**
 The main chemicals required are Caustic Lye, Acetic Acid, Soda Ash, Global Salt, Finishing Agent, Scouring Agent etc. The dyes required are all type of reactive and disperse dyes. The manufactures of dyes & chemicals are GACL, Nirma, Birla VXL, Vam Organic, ATIC, ICI, Jaysynth, Clariant, Alfa etc. The company procures the material through manufacturers or through their authorized agents. The company is already established in the market and does not foresee any difficulty in procuring the same. The total requirement of Dyes & Chemicals is 7000 M.T p.a.
- Accessories**
 The Company imports as well as buys from the local market, accessories like buttons, rags, labels, zippers, price tickets, inter lining etc. These accessories are very easily available in the market.

I. DYEING AND PROCESSING OF YARN

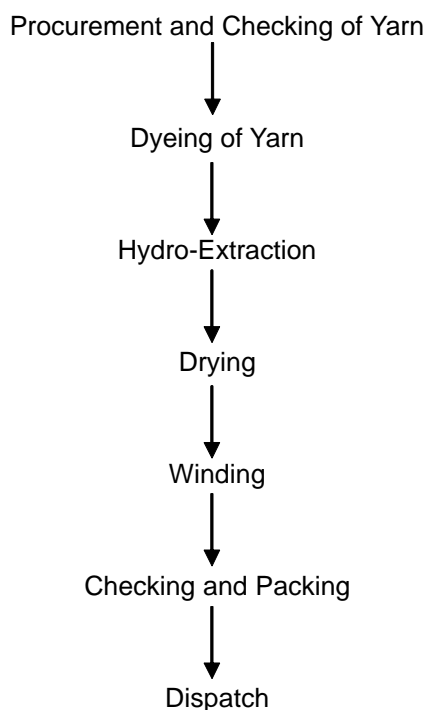
The Company has been into the dyeing and processing of yarn since its inception. This facility is presently operating at the capacity of 1400 M.T. p.a. The existing output of this facility consists of Combed, Semi-Combed, Cotton and Polyester Yarn of different counts viz. 10's, 16's, 20's, 30's, 40's and 2/10's, 2/14's, 2/20's, 2/30's, 2/40's, 2/60's & 2/80's.

Plant & Machinery

The various machineries used in this division includes 19 Dyeing Machines from Stafi, Dalal and Suraj in various capacities from 1 Kg to 500 Kg, 3 Dryers, 4 Hydro Extraction Machines, 12 Winding and Rewinding Machines.

Process Flow of Dyeing and Processing of Yarn

The Dyeing and processing of yarn comprises of the various steps which are as follows:



Depending upon the in-house requirements as well as orders from outside, for the dyed and processed yarn, the grey yarn is procured from the manufacturers directly or through their authorised agents / dealers placed in Delhi. Then, the yarn procured is checked in respect of counts, CSP and total imperfection. After checking, the yarn is dyed in the dyeing vessel at the temperature of 100° for 12 hours and then taken for the hydro-extraction to squeeze the water. In the next step, the yarn is put into the RFDs for drying and then the TFO is carried out for winding of yarn. Finally, the processed yarn is sent for checking on various parameters like washing fastness, Crocking, light fastness etc.

After the stringent checking on various parameters, the processed and dyed yarn is sent for packing in the carton boxes, in case the same is to be dispatched to the outside buyers. Alternatively, where the yarn is processed for the in-house requirements of the knitted garment unit, the same is forwarded to the concerned unit.

End Use

Out of the total production in this division, 15% is consumed in the Company's own readymade knitted garment manufacturing unit and remaining 85% is sold outside knitting units and garment manufacturing units.

II. KNITTING OF FABRIC

The Company has the facilities for knitting of fabric, having the capacity of 1150 MT p.a. with ultra modern humidification amenities. A variety of knitted structures viz. Single Jersey, Rib & Eight Locks, Interlocks, Mini Jacquards, Flat backs, Auto stripes Fleece and Waffles Texture are manufactured in this division.

Plant & Machinery

The machines used in the process of Knitting of Fabrics are as follows:

Particulars	Machine Make	No of Machines	Capacity per month
Single Jersey	Tarrot (Germany)	3	36 Ton
Rib & Eight Locks	Tarrot (Germany)	2	22 Ton
Mini Jaquard	Tarrot (Germany)	2	7 Ton
Auto Striper	Fukuhara, (Japan)	3	11 Ton
Interlock	Tarrot (Germany)	2	15 Ton
Flat Knitting – Collars	Kauohang, (Taiwan)	3	3 Ton

Process Flow of Knitting of Fabric

This division of the Company uses processed yarn, which is obtained either from its own yarn processing division, or from outside depending upon the requirement of Company's readymade knitted garment manufacturing unit. The transformation of the yarn into fabric is done via knitting - a non-woven process. In knitting, yarn is interloped by latched and spring needles i.e. two different loops are mingled together with needle adjustment. After knitting, the respective experts check each and every metre of fabric meticulously in respect of missing of any yarn in knitting of fabric or any kitty hole in the fabric.

End Use

The output of this division is used completely to meet the requirements of the readymade knitted garment manufacturing unit. After checking, the knitted fabric is sent to the dyeing and processing division for further processing.

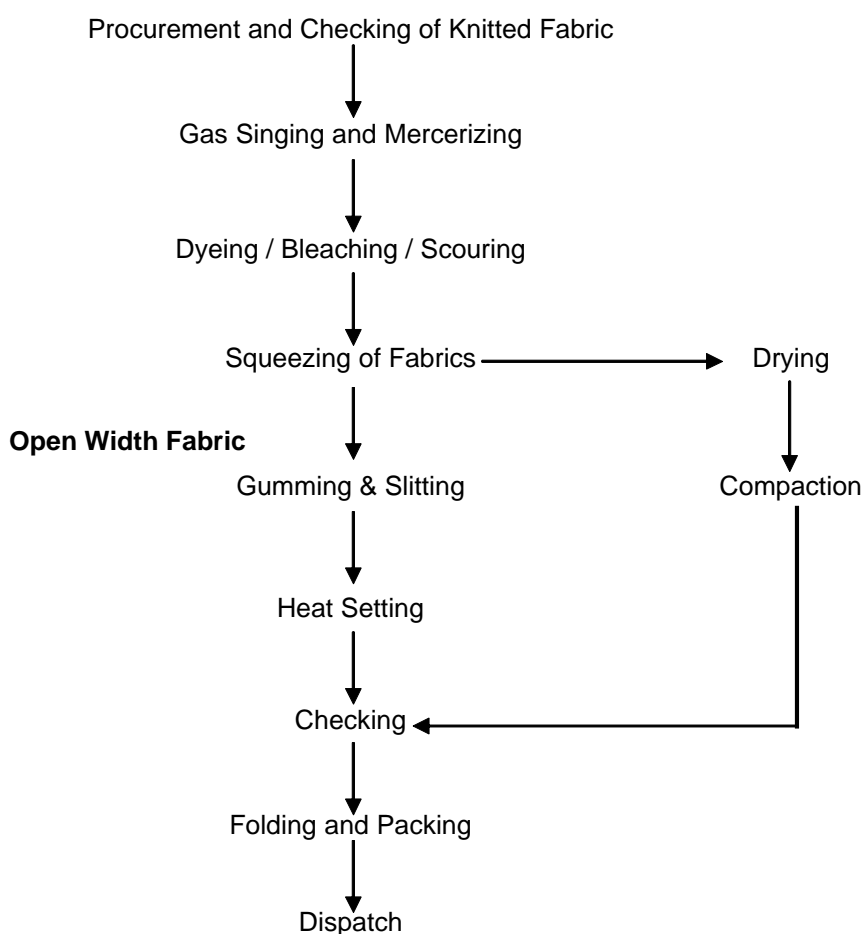
III. DYEING AND PROCESSING OF KNITTED FABRICS

The Company has the infrastructure for dyeing and processing of knitted fabric with the capacity of 4000 MT p.a. and trained work force. This unit is capable of dyeing, bleaching and washing all types of fabric including cotton, poly, lycra and blended both in tubular and open width form. This division deals with the requirements of both the in-house readymade knitted garment manufacturing unit as well as of the outside needs of dyed and processed knitted fabric.

Plant & Machinery

The present setup of machineries in this division includes 11 Dyeing Machines (with the capacity ranging from 5 to 720 Kgs) and 9 processing machines (with the capacity ranging from 5 to 14 tons per day).

Process Flow of Dyeing and Processing of Knitted Fabrics



After procurement and checking of the fabric in respect of missing of any yarn or any kitty hole in the fabric, the same is issued either for Gas Singing and Mercerizing or directly for Dyeing/Bleaching/Scouring, as per the requirement. Under Gas singing and mercerizing, hairs in the fabrics are removed and the same is boiled in the caustic soda to smoothen it.

After the refinement of fabric, the same is taken either for dyeing or bleaching or scouring depending upon the kinds of orders from customers. Then dyed fabric is passed through squeeze mangle for squeezing the water from the dyed fabric to the extent of 80% of the moisture.

If the requirement is for open width fabric, squeezed fabric is carried through the process of gumming and slitting is carried out, through which the tubular fabric is cut into the open width form. After such cutting, the fabric is passed through the hot air stenter at certain temperature to straighten it up.

If the requirement is for tubular fabric only, the squeezed fabric is dried and then shrinkage control measure is carried out which is known as compaction. After heat setting and compaction, a careful checking is done to ensure absence of defects. Then the fabric is folded in layers and packed in the polythene bags. Thereafter, the fabric is dispatched to own knitted garment unit for the garment manufacturing as well as to other outside customers as per the orders.

End Use

The fabric processed by the company is used for manufacturing of the knitted garment for export (about 30% of total output) and is also being sold to the export houses (about 70% of total output).

IV. MANUFACTURING OF READYMADE KNITTED GARMENTS

The Company is into manufacturing of Readymade Knitted Garments (T-Shirts for men, women and children) since its inception. This facility has grown from its initial capacity of 12 lakhs pieces p.a. to the present capacity of 24 lakhs pieces p.a.

Plant & Machinery

The Company is using International Technology, comprising of about 400 Automatic Fabric Cutting and Stitching machines of Juki & Pegasus, Japan, with CAD/CAM systems for pattern making. Besides this, the company has in-house value addition facilities such as embroidery, printing, dyeing and specialized washes located in the same vicinity.

Process Flow of manufacturing of Readymade Knitted Garments

The entire process of manufacturing of knitted garment manufacturing can be divided into two parts viz. Processing and Garmentising :

A. Processing

This part comprises of procurement, processing, if required and checking of raw material. Depending upon the needs assessed by the marketing department, the raw material viz. yarn, fabric and accessories are procured from various suppliers. The raw material procured goes through various checking norms to ensure quality.

In the next step, the processing is carried out. If the yarn is procured, the same is sent to the yarn processing division, then to fabric knitting division and finally for dyeing and processing of knitted fabric as per the specifications of the orders in hand. After the processing, the fabric is packed in layers and forwarded for Garmentising.

B. Garmentising

Garmentising begins with the designing of the garment which is done in the in-house design studio wherein, a team of designers work on the development of designs by analyzing the needs of customers the Company is targeting and keeping in view various other parameters like other designer collections presented in the fashion cities of the world, fashion reviews from earlier seasons, fashion magazines and most importantly the feedback gained from the sales of the similar products that were developed earlier. Prototype garments made up of thicker and stronger paper are prepared on the basis of the designs.

The next step, after the preparation of paper prototype garments, is the production of the samples. The samples are prepared in continuous interaction with the buyers. During the sampling process, the garment samples are made, remade and changes in designs are incorporated on the basis of customer specifications. Finally, a sealer sample is developed, which is identification or standard for production. The buyers stamp this sample as its approval and then the process of cutting and stitching commences.

Under the process of cutting and stitching, the fabric is cut into different parts of the garment. A layout of the patterns on the layers of fabric is crucial for reducing the wasted material, which is done using CAD and other tools. Now the garment is ready to be stitched. In the stitching section, garment is usually assembled using PBS. In PBS, the work is delivered to individual workstations from the cutting department in bundles. For faster apparel production, modular assembly line system is followed which reduces the buffer sizes between the operations. In assembly line system, different parts of the garment undergone cutting are stitched together and different stitching machines are arranged in an orderly fashion depending on how different parts of the garment should be attached. This is the final stage before the garment is ready to be shipped.

As the garment is already finished, it undergoes a series of quality checks. The garment goes through the quality checks like colour test, washing test, stitching test etc.

After quality checks the garments is steam pressed, labeled, packed into garment bags and finally, put into the cartons. Once all cartons are packed and labeled, the external quality check takes place and goods are shipped.

End Use

The Readymade Garments manufactured by the company are 100% direct exports. The customers of the Company for Readymade Garments include some accepted apparel brands.

V. DYEING, PRINTING AND PROCESSING OF WOVEN FABRICS

The Company is into the Dyeing, Printing and Processing of Woven Fabric with the installed capacity of 360 metres p.a. to cater to the demand of exporters of Readymade Garments, Home Furnishings and other textile articles, mainly situated in the Northern India.

Plant & Machinery

The machines installed by the Company in this division includes 48 Dyeing Machines, 10 Dryers (both RFDs and Other), 5 Cloth Printing Machines and various other machines for mercerizing, finishing, bleaching washing, design exposing, brushing and packing.

Process Flow of Dyeing, Printing and Processing of Woven Fabrics

The initial step of Dyeing, Printing and Processing of Woven Fabrics is the procurement of raw materials viz. Grey Woven Fabric and Dyes & Chemicals. The Company makes sure that the fabric is ordered from right supplier, delivered at the right time with desired quality and maintains stock listing of fabric. After procurement of Grey Woven Fabric, the division is also responsible for checking the quality i.e. strength, quantity i.e. missing of any yarn in the wrap & weft or any Kitty hole in the fabric.

After the checking of fabric, grey woven fabric is washed/ boiled in the caustic soda to remove its hairs and smoothen up the same. After washing / Polymerizing / boiling / desizing / mercerizing, the fabric has to go through bleaching process, i.e. whitening of the fabric.

If the requirement is for white woven fabric, the same goes for checking, folding and finally for dispatch. However, if the order is for dyed and printed woven fabric, the same is further processed for dyeing and printing. The process of dyeing is time consuming as different colour checks are required. After dyeing the base color, the fabric is being issued to the printing section for printing. The Company develops the design on the Nikkle screen on the roll shape, having the facility to print 12 colors combination at one time on the fabric. After dyeing and printing of the fabric, the drying is carried out. This is followed by Stentering /Zero-Zero, a process for straightening and shrinkage control of fabric.

Finally, the dyed and processed woven fabric is checked for quality, folded and made ready for dispatch.

End Use

The processed woven fabric is sold to the exporters of the woven garments, home furnishings and other textile articles mainly situated in the Northern belt of India. The Company caters to the demand of about 400 exporters of the readymade garments.

VI. MANUFACTURING OF SEWING THREAD

The Company also has facility for manufacturing of Sewing Thread at a capacity of 400 MT p.a.

Plant & Machinery

The machines in this division includes a PA lubrication winder with the capacity of 120 spindles, a PS winding machines with 120 spindles, 2 tube winding machines with the capacity of 12 spindles each, 3 cone winding machines with the capacity of 12 spindles and 24 spindles and a auto labeling machine with the capacity 400 mtrs. per day.

Process Flow of manufacturing of Sewing Thread

The manufacturing of sewing thread begins with the procurement of Grey Yarn in the reverse twist as per the count required. The yarn procured is 100% polyester yarn used in the stitching of garments. The respective checking department checks the yarn in respect of Count, CSP and total imperfection. The checking of grey polyester yarn is followed by the process of dyeing by using disperse dyes available in the market. Then, the same is dried and lubrication is carried out to give strength to the yarn. After lubrication, the thread is taken for winding of cones and tubes, followed by the affixation of the company brand on the same. Finally, the tubes are packed in the boxes meant for it and made ready for dispatch.

End Use

This facility of the Company caters to the requirements of both in-house ready garment manufacturing unit (about 40% of the total production) as well as outside demands (rest of the 60% production). The Sewing Thread is sold to the exporters of readymade garments situated in the locality of Delhi, Noida, Gurgaon and Faridabad.

Collaborations

The Company has not entered into any foreign collaboration for technical know-how and it is using indigenous technology for all its manufacturing units.

EXISTING INFRASTRUCTURE

• Land

The company owns total area of land admeasuring 38 Kanal 17 Marla equivalent to 23503 Sq. Yd. Equivalent 4.856 Acres at 12/6, Mathura Road, Faridabad, on which the manufacturing unit of the company is located. In addition to this, the company occupies a rented property admeasuring 200 Sq. Ft. at 111, 1st Floor, Tribhvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065, wherein the registered office of the company is situated.

• Power

The company is having total sanctioned load of 2750 KW from DHBVNL, of which the present usage is of 2070 KW. It also has 7 DG sets of total capacity 3875 KVA, as standby arrangement. The power is sufficient to meet out existing as well as proposed expansion plan at the existing site.

• Water

The water requirement of the company is 5,00,000 ltrs. per day. The company is sourcing the water from the 9 tube wells installed in the premises.

• Fuel

The company requires the fuel viz. Diesel for Diesel Generating Sets which is being used as standby arrangement in the company as well as Husk for Husk Fired Boiler for generating the steam etc., the same is easily available in the near vicinity of the company.

Effluent Treatment Plant

As per the norms of the State Pollution Control Board, the Company has installed an Effluent Treatment Plant of Thermax at its manufacturing unit at Faridabad, for the disposal of visible and invisible effluents, generated during the activities carried out for the processing of yarn, fabric, woven fabrics or manufacturing of knitted garments.

In this, the effluent water is collected in the effluent storage tank where a net is being fixed on the inlet of the storage tank, consequently the visible effluent, not dissolvable in water viz. Cotton Fluff, Ferro Sulphate etc., are collected on the inlet of the storage tank. Then, the effluent water is being treated in the effluent treatment plant by eliminating the invisible wastes viz. Soda Ash, Caustic Lye, Poly Electrolite and Dyes, by adding chemicals namely, Ferro Sulphate, Poly Electrolite and Caustic to the water.

Marketing Strategy

The Company's marketing team is headed by the Joint Managing Director and the President – Exports of the Company, supported by a team of managers. The Company's marketing policy is premeditated on the basis of the international survey of the product, analyzing the needs of consumer, the Company is targeting and by parameters like designer collections presented in the fashion cities of the world, fashion reviews from earlier seasons, fashion magazines and most importantly the feedback gained from the sales of the similar products that were developed earlier as per the seasons and preference of colors and prints. The Company's marketing division, make in-house exercise for which it has a design studio with a team of 25 designers who designs and develops the products as per customer's needs and also has a laboratory for developing the shades of colors. This team works on the development of swatches for the forthcoming designs, prints and colours for yarn, knitted and woven fabrics. After approval of designs and swatches, the manufacturing team does the sampling of the same and sends it to the customers for approval, for volume production.

Export Possibilities and Export Obligations

The Company's entire product range is export oriented which is either directly exported in the form of Readymade Garments or indirectly through other exporters to whom the company is supplying dyed & processed yarn, dyed & processed woven fabrics and sewing thread. The company's export obligation as on December 31, 2005 is Rs. 7697.05 Lakhs to be accomplished upto 2011.

Sr. No.	License No.	License Date	Export Obligation	Obligation Period	Export Obligation fulfilled (Rs. in lakhs)	Balance Export obligation (Rs. in lakhs)	Value of machinery imported (Rs.)
01	0129167/ D-2173930	26.03.1999	USD 9373598	Six years	4036.35	Nil	67272505
02	0530130457	12.07.1999	USD 2083999	Six years	896.12	Nil	14916845
03	0530130431	21.06.1999	USD 1531234	Six years	658.43	Nil	10973848
04	0530130466	13.03.1999	USD 1465770	Six years	630.28	Nil	10504685
05	0530130465	13.03.1999	USD 1500792	Six years	645.34	Nil	10755676
06	0530131197	14.08.2000	USD 1545288.41	Eight Years	332.74	331.73	12155180
07	0530131196	14.08.2000	USD 3796819	Eight Years	818.22	814.41	34209345
08	0530133350	25.09.2002	USD 10299203	Eight Years	Nil	4428.65	66825736
09	0530134631	07.08.2003	USD 208986.41	Eight Years	Nil	89.86	16218849
Average Exports to be maintained during 2005-2006					2030.42		
Export obligation pending as on 31-12-2005						7695.07	

Competition

The Company's product is meant for apparel export either directly or indirectly through garment exporters. Hence, the company foresees competition in the quota free regime with the countries like, Bangladesh, China, Pakistan and Srilanka etc. These countries have advantageous position in regards to cost efficiency because of the low labour costs. The company proposes to meet this competition by full use of machines and manpower simultaneously, by adding value added products for touching the upper medium as well as higher segment of the society. 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 garment manufacturing. The growth of the Company is obvious in the quota free regime.

Company keeps itself updated with change in technology by interacting with machinery manufacturers and research institutes and sending its senior technicians to important international fairs like ITMA, seminars and expositions. Due to the adoption of advanced technology the Company has acquired the required degree of competitiveness to face the challenges posed by the post -WTO era.

Insurance

The Company has the following insurance policies as on date with United India Insurance Company Limited:

(Rs. In Lakhs)

Sr. No.	Policy No.	Policy Type	Description	Period	Sum Insured	Premium (p.a.)
1	222800/11/05/00129	Fire Policy	On all types of stocks finished, semi-finished, in process and stocks held in trust or commission, stock of colours, dies, chemical used in mfg. of cloth processing unit.	May 7, 2005 to May 6, 2006	4400.00	4.72
2.	222800/11/05/00130	Fire Policy	On building including basement.	May 7, 2005 to May 06, 2006	4100.00	4.18
			On electricity installations, transformers, office and other fittings			
			Company's plant and machinery. Office equipment, furniture, fixtures and fittings and computer.			
			Oil and allied items.			

Human Resources

The present manpower of the company is as follows: -

S. No.	Department	No. of Staff Employees	No. of Work Employees	Total Employees
1	Woven Process House	173	42	215
2	Hosiery Dyeing	28	32	60
3	Yarn Dyeing	13	-	13
4	Sewing Thread	7	5	12
5	Knitting	8	6	14
6	Garment	78	247	325
7	Research & Development	15	-	15
	Total	322	332	654

In addition to the above, the company has Contract Labours aggregating to 824 persons as on September 30, 2005

Future Capacity and Capacity Utilization

Products		Unit	2005-06	2006-07	2007-08
Readymade Garments	Installed Capacity	Lakhs Pcs	24.00	60.00	60.00
	Utilised Capacity	Lakhs Pcs	20.40	36.00	48.00
	Utilized Capacity	%	85%	60%	80%
Dyeing, Printing & Processing of Woven Fabric	Installed Capacity	Mtrs.	360.00	450.00	450.00
	Utilised Capacity	Mtrs.	300.00	360.00	382.00
	Utilized Capacity	%	83.33%	80.00%	85%
Knitted Fabric	Installed Capacity	M.T.	1150.00	2150.00	2150.00
	Utilised Capacity	M. T	920.00	1720.00	1827.50
	Utilized Capacity	%	80%	80%	85%
Dyeing of Knitted Fabric	Installed Capacity	M.T.	4000.00	5500.00	5500.00
	Utilised Capacity	M. T.	3600.00	4950.00	4950.00
	Utilized Capacity	%	90%	90%	90%
Dyeing and Processing of Yarn	Installed Capacity	M.T.	1400.00	1900.00	1900.00
	Utilised Capacity	M. T.	980.00	980.00	1520.00
	Utilized Capacity	%	70%	70%	80%
Manufacturing of Sewing Thread	Installed Capacity	M.T.	400.00	400.00	400.00
	Utilised Capacity	M. T.	100.00	160.00	200.00
	Utilized Capacity	%	25%	40%	50%

Purchase of Property

Except as stated in the section "Object of Issue" on page 16 of this Prospectus, 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 present Issue or the purchase or acquisition of which has not been completed on the date of this 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 earlier in this Prospectus

We have not purchased any property in which any of our Promoters and Directors, have any direct or indirect interest in any payment made thereof.

REGULATIONS AND POLICIES

MAJOR INITIATIVES TAKEN FOR ENCOURAGING INVESTMENT INTO THE TEXTILE SECTOR

Some of recent initiatives taken by the Government to help Indian textile Industry to face challenges post Multi Fibre Agreement (MFA) scenario are as follows:

1. National Textile Policy

One of the major initiatives taken by the government to develop a strong and vibrant industry was the formulation of National Textile Policy in the year 2000. The major objectives of the policy were to:

- a. Facilitate the Textile Industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing.
- b. Equip the Industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- c. Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
- d. 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.

2. Technology Upgradation Fund Scheme

Technology Upgradation Fund Scheme is the first of its type in any industry specific financing for modernization and technology upgradation. GoI 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.

With effect from January 1, 2002 an option was provided to small-scale textile and jute industries to avail of either 12% (increased to 15% w.e.f. January 13, 2005) Credit Linked Capital Subsidy (CLCS-TUFS) or 5% interest reimbursement. An additional option has also been provided to the powerloom units to avail 20% capital subsidy in lieu of 5% interest reimbursement or 15% CLCS-TUFS in certain cases. GoI has provided an additional incentive of 10% capital subsidy over and above the 5% interest subsidy under TUFS for the specified textile processing machinery. The additional 10% capital subsidy will be admissible on the investments made in the specified processing machinery during a period of one year from April 20, 2005 to April 19, 2006.

3. Infrastructure development Schemes

a. Apparel Park for Export (APE) Scheme:

Centrally sponsored scheme titled "Apparel Parks for Exports" has been formulated with a view to promote investments in the apparel sector. The Scheme is intended to impart focused thrust to setting up of apparel manufacturing units of international standards at potential growth centers and to give fillip to exports in this sector so as to achieve the target of US\$ 25 billion by 2010 as envisaged in the National Textile Policy, 2000.

b. Textile Centers Infrastructure Development Scheme (TCIDS):

TCIDS Scheme is a designed to modernize infrastructural facilities at major textile growth centers and therefore, aims at removing bottlenecks in exports so as to achieve the target of US\$ 50 billion by 2010 as envisaged in the National Textile Policy, 2000.

4. Liberalization of FDI Policy:

Government has allowed foreign equity participation upto 100%, through automatic route, in the textile sector.

5. For modernization the processing sector

Government announces credit linked capital subsidy of 10%, in addition to the existing 5% interest reimbursement scheme in Budget 2005-06.

6. Increased plan allocations in budget (2004-05)

- a. According to the report of textile turnaround at www.texmin.nic.in the government has increased the budget allocation under various schemes by 113% as compared to average annual allocation of the previous years.
- b. Allocation to the infrastructure schemes has increased 11 times to upgrade manufacturing process and to enable it to face the coming competition.

7. Fiscal Duty Reforms

Number of fiscal duty reforms has been made to strengthen the domestic textile industry and to support the growth of the textile industry. Budget of 2004-05 has revised the duty structure for the textile industry as follows:

- a. The excise duty has been optional with mandatory duty only on the man made fibers/yarns;
- b. Except for mandatory duty on man made fibre all the textile goods have been exempt from excise duty;
- c. Even under the mandatory duty, the rates of duty have been reduced to a nominal rate of 4% for cotton textile items (yarns, fabrics, garment, and made ups) and 8% for other textile items including yarn, garments, and made ups;
- d. Additional Excise Duty has been abolished;
- e. Custom duty on number of items has also been reduced;
- f. Budget 2005-06, reduces excise duty on polyester filament yarn and custom duty on number of machinery items; and
- g. Texturising of polyester filament yarn has been exempt from Excise Duty.

8. Duty Exemption & Remission Schemes

At present the Ministry of Commerce and Industry provides for the certain incentives to the exporters in the form of duty exemption /remission schemes.

a. Advance Licences Scheme

An Advance Licences is issued as a duty exemption scheme. An Advance Licences is issued to allow duty free import of inputs, which are physically incorporated in the export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts etc., which are consumed/utilized in the course of their use to obtain the export product, may also be allowed under the scheme.

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

b. Duty Remission Scheme

Duty Remission Scheme enables post export replenishment/ remission of duty on inputs used in the export product. Duty remission schemes consist of (a) **DFRC** (Duty Free Replenishment Certificate) and (b) **DEPB** (Duty Entitlement Passbook Scheme):

i. Duty Free Replenishment Certificate (DFRC)

Duty Free Replenishment Certificate is issued to a merchant exporter or manufacturer exporter for the import of inputs used in the manufacture of goods without payment of basic customs duty. However, such inputs shall be subject to the payment of additional customs duty equal to the excise duty at the time of import.

ii. Duty Entitlement Passbook Scheme

The objective of DEPB is to neutralize the incidence of Customs duty on the import content of the export product. The neutralization is provided by way of grant of duty credit against the export product. Under the DEPB scheme, an exporter may apply for credit, as a specified percentage of FOB value of exports, made in freely convertible currency.

DEPB credit rates have been prescribed for 83 textile and clothing products. The nomenclature and rates for DEPB entries pertaining to certain textile products have been rationalized. The DEPB credit rates were reduced by 45% across the board on all textile items on 23.09.2004. While addressing the concerns of certain segments of the trade, the DEPB credit rates were again revised on 30.12.2004 by announcing changes to the extent of 60% reduction in respect of cotton textile items, 30% reduction in blended textile and woollen items and 22.5% reduction in man-made textile and silk items in place of the 45% reduction effected earlier.

c. Duty Drawback Scheme

The exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this Scheme. The Department of Revenue announced revision in All Industry Rates of Duty Drawback (AIR of DBK) on 18.01.2005 and the changes made effective from 19.01.2005. There has been substantial reduction in AIR of DBK in almost all textile export products except certain items of silk and wool sectors. In the revised Drawback Schedule, 165 new entries of textile products have been created in addition to earlier 101 entries. The revised rates have been prescribed on the basis of weight of the export product instead of earlier system based on FOB value of the product. Besides, in respect of apparel items, the drawback rates have also been given on the basis of composition of textiles.

d. The Export Promotion of Capital Goods (EPCG) Scheme

The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods is allowed under the EXIM Policy as announced on 31.03.2003.

8. Human Resource Development

a. Apparel Training and Design Centers (ATDCs)

In order to provide facilities for training the manpower in garment industry at shop floor level, Government initiated the ATDC scheme. This year major initiatives are taken to remove the procedural and financial bottlenecks to the scheme namely:

- Twelve ATDCs set up for training 3,000 persons per annum;
- Seven crore has been allocated from budget;
- State-of-the-art business centre; and
- One stop shop for reputed international buyers.

b. National Institute of Fashion Technology (NIFT)

The NIFT has been setup as an Institute of Excellence for imparting Fashion Education with international benchmarking. Over the years it has assumed the leadership role in sensitizing the Industry to the concept of value addition through design upgradation. A Bill is under consideration for granting the status of Institute of national importance.

9. Apparel International Mart (AIM)

The Apparel International Mart, is being setup at Gurgaon with an assistance of Rs.45 crore from the Government. It would act as a podium to showcase Indian garments to the world. Expected to complete in October 2005, it shall provide:

- 250 centrally air-conditioned showrooms to the exporters;
- State-of-art-art exhibition complex; produce-qualified designers;
- One new Centre is being set up at Lucknow; and
- An Apex Body is being set up to train the teachers/trainers imparting Fashion Business Education in the country.
- State-of-the-art business centre; and
- One stop shop for reputed international buyers.

FOREIGN TRADE POLICY 2004-2009

In order to provide thrust to exports, foreign trade policy provides for certain schemes for the promotional measures:

1. Assistance to States for Infrastructure Development of Exports (ASIDE)

Ministry of commerce has formulated a scheme called ASIDE, to encourage the State Governments to participate in promoting exports. Whereby suitable provisions have been made for allocation of funds to the States on the twin criteria of gross exports and the rate of growth of exports.

2. Market Access Initiative (MAI) scheme

Market Access Initiative (MAI) scheme is intended to provide financial assistance for medium term export promotion efforts with a sharp focus on a country and product. The financial assistance is available for Export Promotion Councils, Industry and Trade Associations, Agencies of State Governments, Indian Commercial Missions abroad and other eligible entities as may be notified from time to time.

3. Marketing Development Assistance (MDA) Scheme

The Marketing Development Assistance (MDA) Scheme is intended to provide financial assistance for a range of export promotion activities implemented by export promotion councils, industry and trade associations on a regular basis every year. As per the revised MDA guidelines with effect from 1st April, 2004 assistance under MDA is available for exporters with annual export turnover upto Rs 5 crores.

4. Meeting Legal expenses for Trade related matter

Financial assistance would be provided to deserving exporters on the recommendation of Export Promotion Councils for meeting the cost of legal expenses relating to trade related matters.

5. Brand Promotions and Quality

The Central Government aims to encourage manufacturers and exporters to attain internationally accepted standards of quality for their products. The Central Government has recognised the need to support and shall assist Trade and Industry to launch a nationwide programme on quality awareness and to promote the concept of total quality management.

HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

The Company was incorporated on July 22, 1997 under the Companies Act, 1956 as a Public limited company in the NCT of Delhi & Haryana as “Shivalik Global Limited” and obtained the Certificate of commencement of business dated August 8, 1997, with the main objective of carrying on the business of manufacturing of textile fabric and export of apparels.

The Company started its operations at its Plant in Faridabad, which was acquired from SPL Industries Limited. Initially, the plant comprised of only three facilities viz. manufacturing of knitted readymade garment, Dyeing, Printing & Processing of Woven fabrics and Dyeing & Processing of Yarn. In the year 1999-2000, Company undertook expansion wherein the capacities of knitted readymade garment and manufacturing of woven fabric were enhanced from 12 lakh pieces p.a. to 24 lakh pieces p.a. and 144 lakh metres p.a. to 264 lakh metres p.a. respectively. Also, company started its division for Dyeing and Processing of Knitted Fabric with the capacity of 1050 MT p.a., which was further raised to the level of 2000 MT p.a. in the year 2000-01, 3000 MT p.a. in the year 2002-03 and finally 4000 MT p.a. in the year 2003-04.

Further in the year 2001-02, the Company increased the capacity of manufacturing of woven fabric to 360 lakh metres p.a. and also ventured into the manufacturing of sewing thread with the capacity at 400 MT p.a. Then in the year 2002-03, Company raised the yarn processing capacity to the level of 825 MT p.a., which was further increased, to 1400 MT p.a. in the year 2003-04. The Company also undertook the conception of knitting of fabric with the capacity of 1150 MT p.a. in the year 2002-03.

The Company also maintains a Design Studio, a library of designs and labs for quality checks.

All the expansions till date have been financed from the internal accruals, equity participation by the promoters and loans from Banks and Financial Institutions.

Milestones achieved by the company

Year	Milestones
1997-98	Incorporation of the Company as “Shivalik Global Limited” on July 22, 1997 in the NCT of Delhi & Haryana
1998-99	Commencement of Commercial production in Manufacturing of Readymade Garments, Dyeing, Printing & Processing of Woven Fabrics and Dyeing & Processing of Yarn
1999-00	<ul style="list-style-type: none"> Commencement of Dyeing and Processing of Knitted Fabrics and Expansion of Readymade Garments division (from 12 lakh pieces p.a. to 24 lakh pieces p.a.) and Dyeing, Printing and Processing of Woven Fabrics (from 144 lakh metres p.a. to 264 lakh metres p.a.)
2000-01	Expansion of Dyeing and Processing of Knitted Fabric (from 1050 MT p.a. to 2000 MT p.a.)
2001-02	<ul style="list-style-type: none"> Commencement of Commercial production of Sewing Threads for Readymade Garments. Enhancement of capacity of processing of woven fabric to 360 lakh metres p.a.
2002-03	<ul style="list-style-type: none"> Commencement of knitting of fabric Enhancement of yarn processing capacity to 825 MT p.a. Expansion of Dyeing and Processing of Knitted Fabric to 3000 MT p.a.
2003-04	<ul style="list-style-type: none"> Enhancement of yarn processing capacity to 1400 MT p.a. Expansion of Dyeing and Processing of Knitted Fabric to 4000 MT p.a.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company enables it to undertake the existing activities and the activities for which the funds are being raised, through the present Issue.

Main Objects of the Company

The main objects as contained in our Memorandum of Association of the Company are:

1. To carry on the business as buyers, sellers, exporters, importers, distributors, agents, brokers, stockists, commission agents and dealers of:
 - a) All kinds of readymade garments, wearing apparels of all kinds consumer goods, raw materials, manufactured goods, drugs, medicines, solvents, emulsifiers, chemicals, petrochemicals, agro chemicals, photo chemicals,

photo films, x-rays films, x-ray chemicals, photographic paper and allied photographic material, paper.

- b) Engineering goods, sewing machine, hand tools, small tools, metals, alloys, iron pipe fittings, nuts and bolts, bicycles accessories, automobile parts, steel and stainless steel, iron products, ores and scraps, metallurgical residues, hides, skins, leather goods, furs, bristles, tobacco (raw and manufactured), hemp, seeds, oils and cakes, vanaspati, textile fibre waste, coir, jute and products thereof, wood and timber, bones, crushed and uncrushed industrial diamonds, coal and charcoal, glue, gums and resins, lac, shellac, manures, pulp, wood, rags, rubber, tanning substances, wax, quartz, crystal, chemical preparation, plastic and linoleum articles, glass and glassware, handicrafts, handloom, toys, liquid golds, precious stones, ornament, jewelleryes, pearls, drugs and medicines, soaps, paints, instruments, apparatus and appliances, machinery and mill work and parts thereof, paper and stationery, sports goods, druggets in dressing materials, cosmetics, wigs, belting, cinematograph, films exposed, gramophone records, rubber plastic goods, starch, umbrellas, crown corks, batteries, surgical and musical instruments, marble and hardware items, traditional calendars, all kinds of books and manuscripts, electric and electronic products of all kinds, sanitaryware and fittings, woolen textiles, natural fibre products, cellulose and non-cellulosic products, mixed blended products, fish and fish products, fodder bran, fruits, nuts, cashewnuts, kernels, grains, pulses, flour, confectionery, provisions, alcohol, beverages, perfumed spirits, spices and tea, coffee, sugar and molasses, vegetables products, processed foods and packed food products all kinds of fabric, garments and hosiery goods, Agarbatti, Dhupbatti, Carpets, Durries, Furnitures and Packing Materials.

Changes in the Memorandum & Articles of Association

Date of Change	Particulars of Change
January 29, 1999	Increase in Authorised Share Capital of the company to Rs. 1100 Lakhs consisting of 110 Lakhs Equity Shares
March 24, 2000	Increase in Authorised Share Capital of the Company to Rs. 1500 Lakhs consisting of 150 Lakhs Equity Shares
March 28, 2005	Alteration of Articles to insert Clause for empowering Company to make Inter-corporate Loans & Guarantees
July 23, 2005	Increase in Authorised Share Capital of the Company to Rs. 2600 Lakhs consisting of 260 Lakhs Equity Shares
	Alteration of the Articles to insert Clause for Dematerialisation of Shares and for Common Forms of Transfer

Subsidiaries of the Company

The Company does not have any subsidiary.

Shareholders Agreements

The Company has not entered into any shareholders agreements.

Other Agreements

The Company has not entered into any other agreements.

Strategic Partners

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

Financial Partners

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

MANAGEMENT

Board of Directors

As per the Articles of Association of the Company, the Company must have a minimum of three (3) and maximum of twelve (12) directors. At present, the Company has 10 Directors. Mr. J.P. Aggarwal, Chairman cum Managing Director and Mr. Sandeep Aggarwal, Joint Managing Director, manages the day-to-day affairs of the Company.

The Board of Directors of the Company comprises of the following members:

Name, Designation, Father's Name, Address and Occupation	Age (in yrs.)	Date of Appointment and Term	Other Directorships
Mr. J. P. Aggarwal Chairman cum Managing Director S/o Lt. Sh. K.N. Aggarwal C-562, New Friends Colony, New Delhi – 110065 <i>Business</i>	56	February 28, 2005 For the period of 5 years	Director • Shyam Tex International Ltd. • Target Fashions Ltd. • Ruchi India Ltd. • Gandhar Exports Ltd. • Vinsan Healthcare Limited • N.B. Welcomes Chemicals (P) Ltd.
Mr. Sandeep Aggarwal Joint Managing Director S/o Sh. J.P. Aggarwal C-562, New Friends Colony, New Delhi – 110065 <i>Business</i>	29	February 28, 2005 For the period of 5 years	Director • Target Fashions Ltd. • Vinsan Healthcare Ltd.
Mrs. Sumitra Aggarwal Whole Time Director W/o Sh. J.P. Aggarwal C-562, New Friends Colony, New Delhi - 110065 <i>Business</i>	55	February 28, 2005 For the period of 5 years	Director Ruchi India Ltd.
Mr. S.K. Agarwal Whole Time Director S/o. Dr. B.R. Agarwal H. No. 525, Sector- 16 A, Faridabad <i>Service</i>	49	September 30, 2005 For the period of 5 years	NIL
Mr. Avinash Kumar Saxena Nominee Director (IFCI) S/o Sh. Onkar Nath Saxena (Present Address) C-408, IFCI Colony, Near Jwala, Heri Market, Paschim Vihar, New Delhi – 110063 (Permanent Address) C-1/C-401, IFCI Colony, Ram Pritha, Ghaziabad-201011 <i>Service</i>	48	March 30, 2005 Not liable to retire by Rotation	NIL
Mr. Randhir Singh, Nominee Director (HSIDC) S/o Sh. Moji Ram (Present Address) HSIDC, C-13-14, Sector- 6, Panchkula (Permanent Address) A3, HSIDC , Officer Appartments, Panchkula, Haryana <i>Service</i>	56	October 1, 2004 Not liable to retire by Rotation	Director • Panwar Steels Limited • Naraingarh Sugar Mills Limited • Haryana Auto Castings Limited • Haryana Minerals Limited • Gurgaon Recreation Park Limited • Shyam Tex International Ltd.



Name, Designation, Father's Name, Address and Occupation	Age (in yrs.)	Date of Appointment and Term	Other Directorships
Mr. S.P. Jain, Director S/o Sh. P.C. Jain (Present Address) 908, Dalamal Tower, 211, Nariman Point, Mumbai - 400021 (Permanent Address) 501-B, Vikas Tower, 105 Walkeshwar Road, Mumbai-400006 (Maharashtra) <i>Business</i>	55	July 23, 2005 Liable to retire by Rotation	Director • Pride Hotels (P) Limited • S. P. Capital Financing Limited • Pride Estate (P) Limited • Pride Beach Resorts Limited • Jagsons Hotels (P) Limited • Kopra Estate Pvt. Limited • S.P. Realtors (P) Limited • A.S.P. Enterprises (P) Limited
Mr. C.P. Srivastava Director S/o Lt. Sh. S.S. Srivastava A-103, Sarswati Appt., I.P.Extn, Madhu Vihar Mkt., Patparganj, New Delhi- 110092 <i>Service</i>	63	July 23, 2005 Liable to retire by Rotation	NIL
Mr. G.S. Singhal Director S/o Lt. Sh. Matu Ram Singhal (Present Address) House No. 530, Sector-9, Faridabad, Haryana (Permanent Address) E- 2/ 16, 3 rd Floor, White House, Ansari Road, Daryaganj, New Delhi- 110002 <i>Business</i>	50	July 23, 2005 Liable to retire by Rotation	NIL
Mr. K.K. Garg Director S/o Lt. Sh. K.L.Garg D-130, Saket, Merrut <i>Business</i>	50	July 23, 2005 Liable to retire by Rotation	NIL

Brief details of the Directors

Mr. J.P. Aggarwal, Chairman cum Managing Director

For further details please refer to section titled “Promoters” on page no. 59 of this Prospectus

Mr. Sandeep Aggarwal, Joint Managing Director

For further details please refer to section titled “Promoters” on page no. 59 of this Prospectus

Ms. Sumitra Aggarwal, Whole Time Director

For further details please refer to section titled “Promoters” on page no. 59 of this Prospectus

Mr. S.K. Aggarwal, aged 49 years is the Whole time director of the Company. He is a Commerce Graduate and has also done L.L.B. He is associated in the business of the Company since its inception. He has over 26 years of experience and was associated with the organizations viz. Dalmia Dadri Cement Ltd., Pasupati Spinning & Weaving Mills, Bhagwana Industries Ltd., Gupta Carpet Udyog as G.M. (Administration) and in his last job, he was heading the entire unit of Pasupati Spinning & Weaving Mills. He is involved in providing in-house consulting and looks after internal controls, human resource personnel, legal matters for the Company and quality assurance of the products of the Company.

Mr. Avinash Kumar Saxena, aged 48 years is the non-executive and independent director on the Board of the Company. He is working as Manager (Finance) with Industrial Finance Corporation of India (IFCI) and has an experience of 25 years in financial activities in the same organization. He holds a degree of Bachelor in Commerce, is a CAIIB from Indian Institute of Bankers, Mumbai and has done ICWA (Intermediate) from the Institute of Costs & Works Accountants, Kolkatta. He has experience in both operational and administrative fields besides handling different functions at corporate levels. He provides services in the areas of costing, finance and capital expenditure planning.

Mr. Randhir Singh, aged 56 years is the non-executive and independent director on the board of the Company. He has done M.A. (Social Work) with a specialization in personnel management, L.L.B and holds a Post Graduate Diploma in Marketing Management. He has an experience of more than 23 years to his credit in Banking/Financial activities and presently, he is working as an Executive Director with Haryana State Industrial Development Corporation (HSIDC). He was employed in various capacities with Haryana State Electronics Development Corporation and Haryana State Seed Corporation. He plays a crucial role in decision making and giving direction to the organization in the context of future business scenario.

Mr. S.P. Jain, aged 55 years is the non-executive and independent director on the board of the Company. He is a qualified Chartered Accountant, having wide experience in the Industry and Hospitality Business. Presently, he is the Chairman of The Pride Hotel, Pune and his experience of 33 years in Business Administration would help in Corporate Governance in present scenario of competition.

Mr. C.P. Srivastava, aged 63 years is the non-executive and independent director on the board of the Company. He holds a Master Degree in Science, has done Ph. D. from the Agra College, Agra and D.Sc. from State University of Ghent, Belgium. He has a experience of over 38 years as an Executive Head and General Administrator. He worked as a Lecturer in Chemistry in Agra College, Agra. During his stay of 23 years in Union Grants Commission (UGC) he has been posted to number of responsible positions of Additional Secretary, Joint Secretary, Deputy Secretary and Education Officer. He has experience in different areas like Educational Administration of governing, controlling, monitoring different programmes and was actively involved with International Collaboration programmes. From 1994 to 1997, he was deputed as the Senior Advisor in All India Council for Technical Education (AICTE).

Apart from above exposures he has attended several International Conferences in India and Abroad. His academic and administrative experience will be beneficial for better Corporate Governance of the company.

Mr. G.S. Singhal, aged 50 years is the non-executive and independent director on the Board of the Company. He is a Commerce Graduate and is a Fellow Member of Institute of Chartered Accountants of India. He is a practicing Chartered Accountant, engaged in Financial and Management Consultancy from last 26 years and helps in financial management of the Company.

Mr. K.K. Garg, aged 50 years is the non-executive and independent director on the Board of the Company. He has done Bachelor in Arts with a degree of L.L.B. He is a practicing Tax Advocate in Allahabad High Court, having over 28 years of experience in Legal matters. He has the requisite expertise and knowledge in respect of matters relating to Company law, securities legislation and other general provisions of law. He provides direction on the legal concerns of the Company.

Borrowing powers of the Directors

The Board may from time to time and at its discretion, subject to the provisions of section 58A, 292 and 293 of the Act, and Regulations made thereunder and Directions issued by the RBI raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the Company.

Remuneration of Chairman cum Managing Director, Joint Managing Director and Whole time Directors

Mr. J.P. Aggarwal, Chairman cum Managing Director

Mr. J.P. Aggarwal has been appointed as the Chairman cum Managing Director of the Company pursuant to the Special Resolution passed at the Extra Ordinary General Meeting held on February 28, 2005 for a period of 5 years with effect from February 28, 2005 to February 27, 2010 under the following terms and conditions:

- A. Basic Salary : Rs. 45,000/- per month
- B. H.R.A. : Rs. 18,750/- per month.
- C. Conveyance All : Rs. 11,250/- per month
- D. Contribution to provident fund and superannuation funds as per the rules of the company.
- E. Medical benefits for self and family provided that the total expenses on this account should not exceed Rs. 45000/- p.a. being one-month basic salary.
- F. Leave and Leave travel allowance as per the prevailing policy of the Company.

Mr. Sandeep Aggarwal, Joint Managing Director

Mr. Sandeep Aggarwal has been appointed as the Joint Managing Director of the Company pursuant to the Special Resolution passed at the Extra Ordinary General Meeting held on February 28, 2005 for a period of 5 years with effect from February 28, 2005 to February 27, 2010 under the following terms and conditions:

- A. Basic Salary : Rs. 36,000/- per month
- B. H.R.A. : Rs. 15000/- per month
- C. Conveyance All : Rs. 9000/- per month
- D. Contribution to provident fund and superannuation funds as per the rules of the company.
- E. Medical benefits for self and family provided that the total expenses on this account should not exceed Rs. 36000/- p.a. being one-month basic salary.
- F. Leave and Leave travel allowance as per the prevailing policy of the Company.

Ms. Sumitra Aggarwal, Whole Time Director

Ms. Sumitra Aggarwal has been appointed as the Whole Time director of the Company pursuant to the Special Resolution passed at the Extra Ordinary General Meeting held on February 28, 2005 for a period of 5 years with effect from February 28, 2005 to February 27, 2010 under the following terms and conditions:

- A. Basic Salary : Rs. 30,000/- per month
- B. H.R.A. : Rs. 12,500/- per month
- C. Conveyance All : Rs. 7,500/- per month
- D. Contribution to provident fund and superannuation funds as per the rules of the company.
- E. Medical benefits for self and family provided that the total expenses on this account should not exceed Rs. 30,000/- p.a. being one-month basic salary.
- F. Leave and Leave travel allowance as per the prevailing policy of the Company.

Mr. S.K. Aggarwal, Whole Time Director

Mr. S.K. Aggarwal has been appointed as the Whole Time director of the Company pursuant to the Special Resolution passed at the Annual General Meeting held on September 30, 2005 for a period of 5 years with effect from October 1, 2005 to September 30, 2010 under the following terms and conditions:

- A. Basic Salary : Rs. 21000/- per month
- B. H. R. A. : Rs. 8750/- per month
- C. Conveyance All. : Rs. 5250/- per month
- D. Contribution to provident fund and superannuation funds as per the rules of the company.
- E. Medical benefits for self and family provided that the total expenses on this account should not exceed Rs. 21000/- p.a. being one-month basic salary.
- F. Leave and Leave travel allowance as per the prevailing policy of the Company.

All directors of the Company are Independent Directors except Mr. J.P Aggarwal, Mr. Sandeep Aggarwal, Ms. Sumitra Aggarwal and Mr. S.K. Aggarwal. The Company is not paying any compensation to other directors except fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses payable to them under the Articles of Association of the Company.

CORPORATE GOVERNANCE

The Company is in compliance with the applicable guidelines, including listing agreement with the Stock Exchanges and the SEBI guidelines in respect of Corporate Governance. All of the Board of Directors of the Company are Independent directors except Mr. J.P. Aggarwal, Mr. Sandeep Aggarwal, Ms. Sumitra Aggarwal and Mr. S.K. Aggarwal.

The Company undertakes to take all steps as may be necessary to comply with the further requirements for corporate governance, within the time frame allowed by SEBI. The Board of the Company has ten Directors including Chairman cum Managing Director.

The Company has also constituted the following committees of Board in compliance with the Corporate Governance norms:

Audit Committee

The Audit Committee has been constituted by the members of the Company in the Annual General Meeting held on September 30, 2005. The Audit Committee comprises of three directors viz. Mr. G.S. Singhal, Chairman (Independent and Non Executive Director), Mr. K.K. Garg (Independent and Non Executive Director) and Mr. Sandeep Aggarwal, Joint Managing Director (Non-Independent Director).

Role of Audit Committee:

- Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To review and challenge where necessary, the actions and judgments of management, in relation to the company's financial statements, operating and financial review, interim reports, preliminary announcements and related formal statements before submission to, and approval by, the Board and Auditors.
- To review the adequacy of Internal Control system and Risk Management
- To review the adequacy of Internal Audit, External Audit, Systems Audit Reports and Compliance thereof.

The Audit Committee has a right to review its terms of reference and recommend any necessary changes to the Board annually.

Share Transfer Committee

The Share Transfer Committee has been constituted by the members of the Company in the Annual General Meeting held on September 30, 2005. The Share Transfer Committee comprises of 3 directors viz. Mr. J. P. Aggarwal, Chairman cum Managing Director (Non Independent Director), Mr. Sandeep Aggarwal, Joint Managing Director (Non Independent Director), Ms. Sumitra Aggarwal, Whole Time director (Non Independent Director)

The Share Transfer Committee has been constituted to look after the following issues:

- Timely transfer of shares.
- Transmission of shares in case of death of shareholder(s)
- Issue of duplicate share certificates in case of lost/misplaced ones.
- Timely redressal of complaints pertaining to the non-receipt of dividends.
- Any other related issue as may be deemed necessary.

Remuneration Committee

The present Remuneration Committee of the Board was appointed in Annual General Meeting held on September 30, 2005. The Chairman of the Remuneration Committee, Mr. S.P. Jain, is an Independent Director and the other members are Mr. K.K Garg (Independent Director) and Mr. G.S Singhal (Independent Director). The remuneration committee determines the Company's compensation policy and other benefits of the Executive Directors and other functions as required/recommended in the Companies Act/Listing Agreement.

Shareholding of the Directors

None of the directors hold any Equity Shares of the Company, except the Promoters as stated in the section titled "Capital Structure of the Company" on the page no. 10 of this Prospectus.

Interest of the Directors

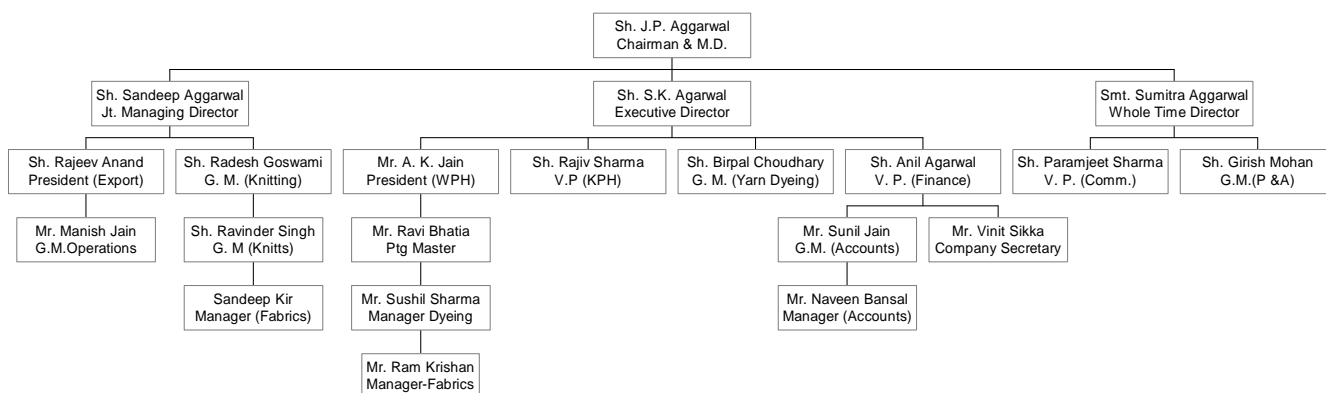
All the directors of the Company may be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of traveling and other incidental expenses, if any, for such attendance payable to them under the Articles of Association of the Company. Mr. J.P. Aggarwal (Chairman cum Managing Director), Mr. Sandeep Aggarwal (Joint Managing Director), Ms. Sumitra Aggarwal (Whole time Director) and Mr. S.K Aggarwal (Whole Time Director) are interested to the extent of the remuneration paid to them, for services rendered by them as executives of the Company.

The directors viz. Mr. J.P. Aggarwal, Mr. Sandeep Aggarwal and Ms. Sumitra Aggarwal may be interested in the Equity Shares already held by them, as stated in the section titled "Capital Structure of the Company" on the page no. 10 of this Prospectus.

Changes in the Directors (in the last three years)

Name of the Director	Date of Appointment	Date of Cessation	Reason for change
Mr. Avinash Kumar Saxena	March 30, 2005	Not Applicable	Change in Nominee Director of IFCI
Mr. N.D Auddy	January 10, 2005	March 30, 2005	Change in Nominee Director of IFCI
Mr. S. Lahiri	November 29, 2001	January 10, 2005	Change in Nominee Director of IFCI
Mr. Randhir Singh	October 1, 2004	Not Applicable	Change in Nominee Director of HSIDC
Mr. R.K. Gupta	September 29, 2003	October 1, 2004	Change in Nominee Director of HSIDC
Mr. G.S. Singhal	July 23, 2005	Not Applicable	Strengthen the Board
Mr. Rajeev Anand	July 23, 2005	August 20, 2005	Resignation from Directorship
Mr. C.P. Srivastava	July 23, 2005	Not Applicable	Strengthen the Board
Mr. K.K. Garg	July 23, 2005	Not Applicable	Strengthen the Board
Mr. S.P. Jain	July 23, 2005	Not Applicable	Strengthen the Board
Mr. S.K Aggarwal	September 30, 2005	Not Applicable	Strengthen the Board

ORGANISATION STRUCTURE



Key Management Personnel

At present the Company has a total strength of 654 employees who are the permanent employees of the Company. Apart from this the Company has engaged 824 employees on a contractual basis making a total of 1478 employees.

Sr. No.	Name of the employee	Age (years)	Qualification	Experience (in years)	Date of Joining	Designation / Responsibilities	Previous Employment
1.	Mr. A.K. Jain	50	B. Sc	27	August 1, 2005	President - Woven Process House	Orphic Dyeing & Printing Mills (P) Ltd., Faridabad
2.	Mr. Rajeev Anand	41	B.Com	17	September 1, 2004		President - Exports SPL Industries, Faridabad
3.	Mr. Rajiv Sharma	32	Diploma in Textile Chemistry	13	December 1, 2004	Vice President – Knitting Process House	Attar Filte Ltd., Panipat
4.	Mr. Paramjeet Sharma	50	B.A., Diploma in Material Management	28	November 1, 1998	Vice President - Commercial	BSM Knit Fab (I) Ltd., Chandigarh
5.	Mr. Anil Jodhani Aggarwal	37	B.Com., C.A.	13	August 1, 1998	Vice President - Finance	SPL Industries Ltd., Faridabad
6.	Mr. Birpal Choudhary	41	M.Sc. (Chemistry)	18	March 2, 2005	General Manager - Yarn Dyeing	Terry Soft Textile, New Delhi

Sr. No.	Name of the employee	Age (years)	Qualification	Experience (in years)	Date of Joining	Designation / Responsibilities	Previous Employment
7.	Mr. Manish Jain	37	B.Com	16	January 3, 2005	General Manager Operations – Exports	Exotique Exports, New Delhi.
8.	Mr. Radesh Goswami	49	B.Sc., AMI (Textile Engineer)	30	May 1, 2003	General Manager - Knitting	Rangi International, New Delhi
9.	Mr. Ravinder Singh	41	B. Tech	16	February 18, 2003	Manager - Knits	Shyam Tex International, Faridabad
10.	Mr. Girish Mohan	47	M.A., L.L.B, PMIR	26	August 7, 2004	General Manager - (P&A)	Bhushan Steel & Strips Ltd., Maharashtra
11.	Mr. Sandeep Kir	35	B.Sc.	13	December 15, 2003	Manager - Fabric	Rangi International, Gurgaon
12.	Mr. Sushil Sharma	41	B. Sc	19	March 2, 2005	Manager -Dyeing	Orphic Dyeing & Spinning Mills Ltd., Faridabad
13.	Mr. Ram Kishan	39	B.A.	13	November 1, 1998	Manager – Fabrics	SPL Industries, Faridabad
14.	Mr. Sunil Jain	36	B.Com., C.A.	13	November 19, 2001	Manager - Accounts	Orphic Dyeing & Printing Mills Ltd., Faridabad
15.	Mr. Naveen Kumar Bansal	29	B.Com., C.A., MBA	5	December, 1, 2001	Manager -Accounts	Not Applicable
16.	Mr. Ravi Kumar Bhatia	51	Diploma in Textile Chemistry	29	December 12, 2003	Printing Master	Ajanta Arts, Noida
17.	Mr. Vinit Sikka	26	B.Com., A.C.S	2	November 1, 2003	Company Secretary	AVK SEG (India) Power Ltd., Faridabad

Brief details of the Key Managerial Personnel

1. **Mr. A.K Jain**, 50 years, President – Woven Process, has done Bachelor in Science and has an experience of 27 years to his credit in printing of Woven and Knitted Fabrics. Mr. Jain heads the Woven Process House and is responsible for the overall production of Woven Fabrics. Prior to SGL, he worked with Orphic Dyeing & Printing Mills (P) Ltd., Faridabad as Director-cum-Partner. He joined the Company in August 2005.
2. **Mr. Rajeev Anand**, 41 years, President - Garment Exports, is a Bachelor in Commerce. He has an experience of 17 years in Export of Readymade Garments and has an exposure of International Trade & Business in the Industry. He conducts research analysis, detailed studies for new product development and is responsible for procurement of export orders and export management. Earlier he was working with SPL Industries Ltd., Faridabad as an Executive Director and joined SGL in September 2004. His remuneration for the seven months ending on March 31, 2005 was Rs. 4,83,000.
3. **Mr. Rajiv Sharma**, 32 years, Vice President - Knitting Process House. He holds a Diploma in Textile Chemistry and has more than 13 years of experience in Dyeing and Processing of Knitted Fabrics. Mr. Sharma is the head of the Knit Process House and is responsible for overall Dyeing and Processing of Knits. He joined Shivalik Global Ltd. from December 2004 and prior to this he was working with Attar Filte Ltd., Panipat as General Manager -Processing. His remuneration for the four months ending on March 31, 2005 was Rs. 2,00,000.
4. **Mr. Paramjeet Sharma**, 50 years, Vice President – Commercial. He joined the Company in November 1998 and has more than 25 years of experience to his credit. He is heading the purchase & store department and responsible for the overall material management in the Company. Earlier he was employed with BSM Knit Fab (I) Ltd., Chandigarh as General Manager - Commercial. His remuneration for the FY 2004-05 was Rs. 3,60,000.

5. **Mr. Anil Jodhani Aggarwal**, 37 years, Vice President – Finance. He has done Bachelor in Commerce and is a qualified Chartered Accountant. He has over 13 years of experience and is working in the Company since August 1998. He heads the Finance section of the Company and also supervises the Secretarial department of the Company. Prior to SGL he was employed with SPL Industries Ltd., Faridabad as General Manager – Finance. His remuneration for the FY 2004-05 was Rs. 3,00,000.
6. **Mr. Birpal Choudhary**, 41 years, General Manager- Yarn Dyeing. He has done Masters in Science with 18 years of experience to his credit in the field of Dyeing and Processing of Yarn. He heads the Yarn Dyeing section and is responsible for Dyeing and Processing of Yarn. He also supervises the Sewing thread division. He is working with the Company since March 2005 and was previously employed with Terry Soft Textile, New Delhi as Dyeing Manager. His remuneration for one month ending on March 31, 2005 was Rs. 35,000.
7. **Mr. Manish Jain**, 37 years, General Manager Operations–Exports. He is a Bachelor in Commerce with an experience of 16 years to his credit. He heads the EDP department of the company and also assists in exports management. He joined Shivalik Global Ltd. in January 2005 and earlier he was working with Exotique Exports, New Delhi as Sr. Manager - Merchandising. His remuneration for the three months ending on March 31, 2005 was Rs. 1,35,000.
8. **Mr. Radesh Goswami**, 49 years, General Manager –Knitting, has done B.Sc., AMI (Textile Engg). He has more than 29 years of experience in the field of garment exports and is involved in developing new fabric, exploring new yarn, preparing fabric in respect of right quality, right lead-time with cost effectiveness and minimizing wastages. He joined the Company in May 2003 and prior to SGL he was employed with Rangi International, Delhi as Manager- Material. His remuneration for the FY 2004-05 was Rs. 3,60,000.
9. **Mr. Ravinder Singh**, 41 years, Manager – Knits, joined the Company in February 18, 2003. He has done B. Tech and has an experience of 16 years to his credit. He is responsible for knitting of the fabric for the in house usage and assists in developing of new fabric, exploring new yarn, preparation of fabrics in respect of right quality, right lead-time with cost effectiveness and minimizing wastages etc. Earlier he was employed with Shyam Tex International, Faridabad as General Manager - Knitting. His remuneration for the FY 2004-05 was Rs. 2,76,000.
10. **Mr. Girish Mohan**, 47 years, General Manager – Personnel and Administration. He has done Masters in Arts, L.L.B and is a PMIR. He has more than 26 years experience to his credit in Human Resource Development. He heads the Personnel & Administration department of the Company and responsible for overall administration of the different departments of the Company. Earlier he was employed with Bhushan Steel & Strips Ltd., Maharashtra as Asst. General Manager – P & A and joined Shivalik Global Ltd. in August 2004. His remuneration for the FY 2004-05 was Rs. 4,20,000.
11. **Mr. Sandeep Kir**, 35 years, Manager - Fabrics, has done Bachelor in Science. He has an experience of 13 years to his credit in the field of knitting. He is working in the Company since December 2003. Mr. Kir is looking after the sourcing of fabric and assists in developing new fabric, exploring new yarn, preparing fabric in respect of right quality, right lead-time with cost effectiveness and minimizing wastages. Earlier he was employed with Rangi International, Gurgaon as Fabric Manager. His remuneration for the FY 2004-05 was Rs. 4,20,000.
12. **Mr. Sushil Sharma**, 41 years, Manager – Dyeing. He is a Bachelor in Science, having 19 years of experience in the field of Dyeing and Processing of Woven Fabrics. He looks after the dyeing section of the company and assists in the production of Woven Fabrics. Earlier he was employed with Orphic Dyeing and Spinning Mills Ltd., Faridabad as a Dyeing Manager and Shivalik Global Ltd. in March 2005. His remuneration for one month ending on March 31, 2005 was Rs. 30,000.
13. **Mr. Ram Kishan**, 39 years, Manager – Fabrics. He has done Bachelor in Arts and has over 15 years of experience in the field of Textiles. He is the Incharge of dispatch of Woven Fabric after its Dyeing & Printing. He joined Shivalik Global Ltd. in November 1998 and earlier he was employed with SPL Industries, Faridabad as an Assistant. His remuneration for the FY 2004-05 was Rs. 3,00,000.

14. **Mr. Sunil Jain**, 36 years, Manager- Accounts. He is a Bachelor in Commerce and is a qualified Chartered Accountant. Mr. Jain is working in the finance department of the company and has over 13 years of experience. He was earlier employed with Orphic Dyeing and Printing Mills (P) Ltd., Faridabad as Sr. Manager - Accounts and joined Shivalik Global Ltd. in November 2001. His remuneration for the FY 2004-05 was Rs. 2,28,000.
15. **Mr. Naveen Kumar Bansal**, 29 years, Manager- Accounts. He done Bachelor of Commerce, Management in Business Administration and is a qualified Chartered Accountant. Mr. Bansal is working in the finance section for the Garment Exports unit of the Company. He started his carrier from Shivalik Global Ltd. in December 1, 2001 as and has an experience of 5 years. His remuneration for the FY 2004-05 was Rs. 2,22,000.
16. **Mr. Ravi Kumar Bhatia**, 51 years, Printing Master. He is a Diploma holder in Textile Chemistry, having 29 years of experience in printing line. He looks after the Printing section of Woven Fabrics division and assists in the production of woven fabrics. He joined the Company in December 2003 and prior to SGL he was employed with Ajanta Arts, Noida as Printing Master. His remuneration for the FY 2004-05 was Rs. 3,48,000.
17. **Mr. Vinit Sikka**, 26 years, Company Secretary. He is a Bachelor in Commerce and an Associate of the Institute of Company Secretaries of India, having an experience of around 2.5 years. Mr. Sikka heads the Secretarial department of the Company and being the Compliance Officer ensures the secretarial & legal compliances for the company. He joined the Company in November 2003 and prior to SGL he was working with AVK SEG (India) Power Ltd., Faridabad as Company Secretary. His remuneration for the FY 2004-05 was Rs. 1,80,000.

All the key management personnel are permanent employees of the Company. None of the aforementioned key managerial personnel are related to the promoters of the Company.

Shareholding of the Key Managerial personnel

None of the Key Managerial Personnel of the Company hold any Equity Shares in the Company.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Bonus or Profit Sharing Plan for the Key Managerial Personnel of the Company.

Changes in Key Managerial Personnel

Following have been the changes in the key managerial personnel during the last one year:

Sr. No.	Name of Key managerial person	Date of appointment	Date of ceasing	Designation	Reason
1.	Mr. Amit Sirohi	December 15, 2003	April 30, 2004	General Manager – Designer	Resigned
2.	Mr. T. K. Mukherjee	March 1, 2003	April 30, 2004	General Manager – Yarn Dyeing	Resigned
3.	Mr. S.K. Lajpal	March 1, 2004	May 31, 2004	General Manager - Garments	Resigned
4.	Mr. S.N. Kakkar	June 26, 2003	June 30, 2004	General Manger – Marketing	Resigned
5.	Mr. P.P. Chopra	July 8, 2003	August 31, 2004	Vice President– Sewing Thread	Resigned
6.	Mr. Rajesh Jalali	October 1, 2002	November 30, 2004	General Manager – PPC	Resigned
7.	Mr. Sandeep Gupta	October 1, 2002	November 31, 2004	General Manager – Hosiery Dyeing	Resigned
8.	Mr. Amrik Singh	June 14, 2004	February 28, 2005	General Manager – Yarn Dyeing	Resigned
9.	Mr. Rajeev Anand	September 1, 2005	Not Applicable	President – Exports	Appointed
10.	Mr. A.K. Nandwani	August 1, 2004	August 28, 2005	Vice President – Exports	Resigned
11.	Mr. Manish Jain	January 03, 2005	Not Applicable	General Manager Operations –Garment	Appointed
12.	Mr. Girish Mohan	August 7, 2004	Not Applicable	General Manager - (P&A)	Appointed

Sr. No.	Name of Key managerial person	Date of appointment	Date of ceasing	Designation	Reason
13.	Mr. Rajiv Sharma	December 1, 2004	Not Applicable	V.P. - Knits Processing House	Appointed
14.	Mr. Birpal Choudhary	March 2, 2005	Not Applicable	General Manager - Yarn Dyeing	Appointed
15.	Mr. Anupam Agarwal	December 11, 2004	September 28, 2005	General Manager Operations – Yarn Dyeing	Resigned
16.	Mr. A.K. Jain	August 1, 2005	Not Applicable	President – Woven Process House	Appointed
17.	Mr. Alok Sharma	November 1, 1998	July 31, 2005	Vice President – Woven Process House	Resigned
18.	Mr. Pawan Sharma	November 1, 1998	July 31, 2005	General Manager – Marketing	Resigned
19.	Mr. Sushil Sharma	March 2, 2005	Not Applicable	Manager - Dyeing	Appointed

Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

Payment or benefit to officers of the company (non salary related)

Except as stated in section titled “Management” on page 49 of this Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the officers of the Company except the normal remuneration or sitting fees for services rendered as Directors, officers or employees.

There has been no such payment or benefit to give to the officers of the Company.

PROMOTERS



Mr. J.P. Aggarwal, aged 56 years is the Chairman cum Managing Director of the Company, having more than 35 years of experience in the textile industry. He is associated with the Company since its inception and has been the driving force behind the Company's evolution. He has done B.E (Mechanical) from Thapar University.

Earlier to his appointment as Chairman cum Managing Director he was associated as the Whole Time Director of the Company. He started his career in Chemical Business in the year 1971 as production engineer in Dalmia Cement Factory. In the year 1971, he set up a plant of Chlorinated Paraffin Wax at Faridabad. During the period 1971-78, he increased the production of the plant and became the largest producer of the same in India. In the year 1980, he set up another plant of Chlorinated Paraffin Wax at Gujarat and added Dye Intermediates to the same, which at present is the part of Gandhar Petro Chemicals Ltd., a group Company. In the year 1990, he added blown agents to PVC and rubber and the plant is the part of Demaco Polymers Ltd., a group Company. From 1992 to 1998, he was associated with SPL Industries, as the Chairman of the Company. Presently, he is mainly engaged in long term planning for the growth of the Company, strategic planning for the execution of objectives and is responsible for the overall management of the Company.

Besides industrial activities, he promoted Lal Bahadur Shastri Smarak JAVM Senior Secondary School at R.K. Puram, New Delhi in the year 1985 and Lal Bahadur Shastri Institute of Management in the year 1992. At present, he is the Vice Chairman of Lal Bahadur Shastri Institute of Management providing Post Graduation Management Degree, having 17th Rank in all India among the Management Schools and the Chairman of Lal Bahadur Shastri Smarak JAVM Senior Secondary School.

Voter ID No. : DL/02/006/195179

Driving License No. : P03121999171928



Mr. Sandeep Aggarwal, aged 29 years is the Joint Managing Director of the Company. He is the son of Mr. J.P. Aggarwal and has over 7 years of experience in the textile industry. He started his career from Shiavlik Global Ltd., having knowledge of marketing function of the Textile Industry. He holds degree of Bachelor in Engineering (Mechanical) and has done MBA in Finance & Textile Marketing from Philadelphia College of Textiles and Sciences, USA. He oversees the entire marketing function of the Company including Designing & Sampling of products, identification of new business opportunities, new project evaluation and retaining relationship with the customers in the National and International Markets. He bridges the gap between the R&D and the sales department to ensure the new designs satisfies the requirements of the buyers.

Voter ID No. : DL/02/006/195181

Driving License No. : P03101999163217



Ms. Sumitra Aggarwal, aged 55 years is the Whole time director of the Company. She is the wife of Mr. J.P. Aggarwal, having 7 years of work experience. She is involved in the day to day affairs and administration of the Company. She is also looking after human resource department of the Company.

Voter ID No. : DL/02/006/195410

Driving License No. : Not Applicable

The Permanent Account No., Bank Account No. and Passport No. of the Promoters have been submitted to NSE / BSE at the time of filing prospectus with them.

Common Pursuits and Interest of the Promoters

Except as stated in the Related Party Information on page no. 84 of this Prospectus, to the extent of reimbursement of expenses incurred or normal remuneration or benefits and their shareholding in the Company as stated in the section titled "Capital Structure of the Company" on the page no. 10 of this Prospectus., the Promoters of the Company have no interest in the business of the Company.

Payment or benefit to Promoters

There is no payment or benefit to be given to the promoters of the Company other than being a shareholder or remuneration as a Director of the Company.

Related Party Transactions

For details please refer to section titled "Financial Information of the Company" beginning on page no. 70 of this Prospectus.

INFORMATION OF THE GROUP COMPANIES

1. M/s. Shyam Tex International Limited

The Company was originally incorporated on June 11, 1999 under the name Shyam Tex International Private Limited, was converted into a Public Limited Company vide fresh certificate of incorporation dated June 22, 2000 under the present name, Shyam Tex International Limited.

The Company is engaged in manufacturing of Knitted fabrics, Readymade Garments and Dyeing of Woven Fabrics.

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	2731.44	4474.60	7167.71
PAT	88.47	102.12	345.34
Equity Share Capital	621.90	1517.32	1600.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	125.48	186.26	531.60
Earning Per Share (Rs.)	1.42	0.67	2.15
Book Value/ Share (Rs.)	11.85	11.20	13.31
Net Worth	745.56	1700.33	2129.91

Board of Directors

1. J.P. Aggarwal
2. Vinod Aggarwal
3. Vishal Aggarwal
4. Vikas Aggarwal
5. Randhir Singh

Shareholding Pattern

Sr. No.	Name of the Shareholder	No. of Equity Shares held
1.	Vishal Aggarwal	8,50,000
2.	Vikas Aggarwal	8,50,000
3.	Vinod Aggarwal	41,85,100
4.	Rita Aggarwal	60,21,900
5.	Sangeeta Aggarwal	10,00,000
6.	Payal Agarwal	9,82,000
7.	J.P. Aggarwal	25,000
8.	Sumitra Aggarwal	2,24,900
9.	Gandhar Exports Limited	10,00,000
10.	Ruchi India Limited	7,72,700
11.	Viniti Aggarwal	19,500
12.	Sandeep Aggarwal	68,900
	Total	1,60,00,000

Shyam Tex International Ltd. is not listed at any Stock Exchange neither it has any subsidiary.

2. M/s. Demaco Polymers Limited

Demaco Polymers Limited was originally incorporated on August 22, 1978 under the name Demaco Packagings Private Limited which was changed to Demaco Polymers Private Ltd. vide fresh certificate of incorporation dated July 31, 1998 and it was converted into a Public Limited Company vide fresh certificate of incorporation dated March 29, 2000.

The company is engaged in the manufacturing of Blowing Agent like Azodicarbonamide i.e. basically foaming agent mainly used in the manufacturing of PVC, Footwear Articles and Leather Garments.

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	1896.94	1410.46	2615.97
PAT	101.70	92.73	63.19
Equity Share Capital	601.00	601.00	601.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	334.13	397.72	442.82
Earning Per Share (Rs.)	16.92	15.42	10.51
Book Value per Share (Rs.)	155.44	166.13	173.68
Net Worth	934.24	998.47	1043.82

Board of Directors

1. Naresh Aggarwal
2. Sunita Aggarwal
3. Viniti Aggarwal

Shareholding Pattern

Sr. No.	Name of Shareholder	No. of Equity Shares held
1.	J.P. Aggarwal	35,770
2.	Sumitra Aggarwal	12,703
3.	Naresh Aggarwal	78,820
4.	Sunita Aggarwal	68,000
5.	Vimal Aggarwal	56,800
6.	Savitri Aggarwal	40,000
7.	Sandeep Aggarwal	23,822
8.	Prayank Aggarwal	10,000
9.	Mayank Aggarwal	10,000
10.	J.P. Aggarwal (HUF)	6,000
11.	Jyoti Aggarwal	29,930
12.	K.N. Aggarwal (HUF)	2,800
13.	Gandhar Exports Limited	1,21,225
14.	S.D. Chem Pvt. Ltd.	28,410
15.	Ruchi India Ltd.	6,720
16.	Gandhar Petro Chemicals Ltd.	70,000
	Total	6,01,000

Demaco Polymers Ltd. is not listed at any Stock Exchange neither it has any subsidiary.

3. M/s. Gandhar Exports Limited

Gandhar Exports Limited was originally incorporated under the name and style of Ess Dee Exports Limited on July 03, 1985, which later changed its name to Gandhar Exports Limited on February 3, 1995.

The Company was incorporated with the object of carrying on the trade and business as importer and exporter of goods or merchandises any/or kind and/or description or to at as shippers, commission agents, forwarding and clearing agents etc. but at present, is not carrying any business activities.

Brief Financials
(Rs. in Lakhs)

Particulars 2002-03	2003-04	2004-05	
Sales & Other Income	0.82	0.93	0.91
PAT	0.004	0.01	0.008
Equity Share Capital	100.00	100.00	100.00
Reserves & Surplus (excl revaluation reserves and Deferred Tax Reserve)	690.25	690.26	690.27
EPS (Rs.) negligible	negligible	negligible	
Book Value/ Share (Rs.)	79.02	79.02	79.02
Net Worth	790.25	790.26	790.27

Board of Directors

- 1.J.P. Aggarwal
- 2.Naresh Aggarwal
- 3.Kumar Gulabrani

Shareholding Pattern

Sr. No.	Name of Shareholder	No. of Equity Shares held
1.	S.D. Chem. (P) Limited	2,52,900
2.	Ruchi India Limited	65,000
3.	Jai Prakash Aggarwal	1,84,100
4.	Sumitra Aggarwal	2,22,000
5.	Sandeep Aggarwal	1,66,500
6.	Savitri Aggarwal	33,000
7.	K.N. Aggarwal (HUF)	16,500
8.	Vimal Aggarwal	30,000
9.	Jyoti Aggarwal	30,000
	Total	10,00,000

Gandhar Exports Ltd. is not listed at any Stock Exchange neither it has any subsidiary.

4. Gandhar Petrochemicals Ltd.

Gandhar Petrochemicals Limited was incorporated on October 5, 1992. The Company was incorporated, to carry on manufacture, export, import of Caustic Soda, Liquid Chlorine, Hydro Chloric Acid and all kinds of elementary substances along with alloys and compounds thereof and was engaged in the manufacturing of Dyes intermediaries like Mono Chloro Acetic Acid and the same is being used in the manufacturing of Dyes. The company has recently stopped manufacturing of Dyes intermediaries like Vinyl Sulphone & H-Acid due to non- availability of the products and stiff competition from China. The Company is planning to look for different products. The company was availing credit facilities from State Bank of India, Mumbai and the current outstanding was Rs. 1539.32 lakhs as on January 31, 2006. The Company is planning to forward restructuring proposal to the bank.

Brief Financials
(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	2527.96	2632.95	1754.98
PAT	32.25	8.10	8.08
Equity Share Capital*	300.00	300.00	300.00
Share Application money	NIL	NIL	7.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	107.97	116.51	112.73
EPS (Rs.)	1.07	0.27	NIL
Book Value/ Share (Rs.)	13.59	13.88	13.75
Net Worth	407.97	416.51	412.73

*Equity Share Capital excludes the Share Application money

Board of Directors

1. Vimal Aggarwal
2. Anil Jodhani
3. Jyoti Aggarwal

Shareholding Pattern

Sr. No.	Name of Shareholder	No. of Equity Shares held
1.	Gandhar Exports Ltd.	11,88,900
2.	S.D. Chem. P. Ltd.	2,23,200
3.	Jai Prakash Aggarwal	2,600
4.	Naresh Aggarwal	100
5.	Sumitra Aggarwal	40,100
6.	Savitri Aggarwal	100
7.	Vimal Aggarwal	3,50,100
8.	J.P. Aggarwal (HUF)	40,000
9.	Sunita Aggarwal	40,100
10.	Jyoti Aggarwal	9,40,100
11.	Viniti Aggarwal	1,74,700
	Total	30,00,000

Gandhar Petrochemicals Ltd. is not listed at any Stock Exchange neither it has any subsidiary.

5. M/s Target Fashions Limited

The Company was originally incorporated in the name and style of Kaveri Holdings Limited on March 11, 1985, which changed its name to Gandhar Industries Ltd vide fresh certificate of incorporation dated January 19, 1996 and further to Target Fashion Ltd. vide fresh certificate of incorporation dated February 17, 2005.

Target Fashions Ltd. was incorporated with the objective of carrying on the business of retailers, manufacturers, producers, importers, buyers, sellers, dealers, exporters, wholesalers, designers for all kinds of fabrics and textile products etc. was not carrying any manufacturing activities till March 2005. From April 2005, onwards M/s Target Fashions Limited started manufacturing Readymade Garments. The Company has stopped its manufacturing activities from February 1, 2006. The company was availing credit facilities from Andhra Bank and now is taking steps to pay the credit facilities of Rs. 610 lakhs outstanding as on January 31, 2006. Shivalik Global Limited had given Corporate Guarantee for the said limits.

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	0.92	0.89	NIL
PAT	0.003	0.002	NIL
Equity Share Capital *	99.60	99.60	99.60
Share Application Money	NIL	NIL	124.24
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	7.59	7.60	7.60
EPS (Rs.)	NIL	NIL	NIL
Book Value/ Share (Rs.)	10.76	10.76	10.76
Net Worth	107.20	107.19	107.20

Equity Share Capital excludes the Share Application money

Board of Directors

1. J.P. Aggarwal
2. Sandeep Aggarwal
3. Rajeev Anand

Shareholding Pattern*

Sr. No.	Name of the Shareholder per Share (Rs.)	Face value Shares held	No. of Equity (Rs. In lakhs)	Amount
1.	S.D. Chem Pvt. Ltd.	10	2,04,900	20,49,000
2.	Shreha Aggarwal	10	24,700	2,47,000
3.	J. P Aggarwal	10	4,33,350	43,33,500
4.	Sumitra Aggarwal	10	1,99,000	19,90,000
5.	Sandeep Aggarwal	10	1,32,800	13,28,000
6.	Savitri Aggarwal	10	69,900	6,99,000
7.	Shruti Aggarwal	10	67,750	6,77,500
8.	K.N. Aggarwal (HUF)	10	44,500	4,45,000
9.	Anubha Aggarwal	10	24,800	2,48,000
10.	Jyoti Aggarwal	10	29,000	2,90,000
11.	Prayank Aggarwal	10	21,000	2,10,000
12.	Ruchi India Ltd.	10	12,48,300	1,24,83,000
	Total		25,00,000	2,50,00,000

* as on September 31, 2005

Target Fashions Ltd. is not listed at any Stock Exchange neither it has any subsidiary.

6. M/s. Ruchi India Limited

Ruchi India Limited was originally incorporated under the name and style of Ruchi Plast Private Limited on July 23, 1986, which was changed to Ruchi India Private Limited vide fresh certificate of incorporation dated September 28, 2001 and it was converted into a Public Limited Company under the present name, Ruchi India Limited vide fresh certificate of incorporation dated. January 03, 2002.

The Company was incorporated with the object of carrying on business of manufacturers, processors, importers, exporters in all kinds of cables for electrical and telecommunication purposes etc. but at present the company is not carrying on any business activities.

Brief Financials

(Rs. In Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	197.26	200.80	75.39*
Profit After Tax	(7.47)	(71.79)	23.96
Equity Share Capital	100.00	100.00	100.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	17.24	(23.05)	0.90
EPS	NIL	NIL	23.96
Book Value/ Share (Rs.)	117.24	76.94	100.90
Net Worth	117.24	76.94	100.90

*includes rental income of Rs. 74.64 lakhs.

Board of Directors

- 1.J.P. Aggarwal
- 2.Sumitra Aggarwal
- 3.Viniti Aggarwal

Shareholding Pattern

Sr. No.	Name of Shareholder	No. of Equity Shares held
1.	J.P. Aggarwal	22,690
2.	Vimal Aggarwal	1,010
3.	Savitri Aggarwal	1,100
4.	Naresh Aggarwal	1,130
5.	Sumitra Aggarwal	6,170
6.	Gandhar Exports Limited	23,900
7.	S.D. Chem. P. Ltd.	30,000
8.	Kedarnath And Sons (HUF)	14,000
	Total	1,00,000

Ruchi India Limited is not listed at any Stock Exchange neither it has any subsidiary.

7. Vinsan Healthcare Ltd.

Vinsan Healthcare Private Limited was originally incorporated under the name and style of Shivalik Infotech Limited on March 27, 2001, which changed its name to Vinsan Healthcare Limited vide fresh certificate of incorporation dated April 22, 2003.

The company was incorporated with the objective of acquiring, establishing, maintaining, managing and carrying on business of hospitals, dispensaries, clinics, chemist shops, health centers etc. but at present, not carrying any business activity.

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	0.21	0.13	0.11
PAT	0.02	0.18	0.02
Equity Share Capital	5.02	5.02	5.02
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	NIL	NIL	NIL
EPS (Rs.)	0.05	0.04	0.04
Book Value/ Share (Rs.)	9.37	9.45	9.52
Net Worth	4.70	4.74	4.78

Board of Directors

1. J.P. Aggarwal
2. Sandeep Aggarwal
3. Viniti Aggarwal

Shareholding Pattern

Sr. No.	Name of Shareholder	No. of Equity Shares held
1.	J.P. Aggarwal	10,000
2.	Sandeep Aggarwal	10,000
3.	Viniti Aggarwal	10,000
4.	Sumitra Aggarwal	10,000
5.	Naresh Aggarwal	10,000
6.	Sunita Aggarwal	100
7.	Sanjay Aggarwal	100
	Total	50,200

Vinsan Healthcare Ltd. is not listed at any Stock Exchange neither it has any subsidiary.

8. N. B. Welcome Chemicals Pvt. Ltd.

The Company was incorporated on October 18, 2001. The Company was incorporated to carry on business of manufacturers of chemicals, drugs, medicines and pharmaceuticals. Presently, it is engaged in the manufacturing of Vitamin C under the definition of pharmaceuticals unit.

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	-	-	-
PAT*	-	-	-
Equity Share Capital	5.00	5.00	5.00
Share Application Money	NIL	NIL	32.56
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	-	-	-
EPS (Rs.)	-	-	-
Book Value/ Share (Rs.)	25.33	31.06	23.06
Net Worth	2.53	3.10	2.30

** The Company has not started its commercial operations*

Board of Directors

1. J. P. Aggarwal
2. V. K. Aggarwal
3. Babubhai C Patel
4. Nitin Vamanrai Parekh
5. Weichuanlu
6. Wang Jonhua

Shareholding Pattern

Sr. No.	Name of Shareholder	No. of Equity Shares held
1.	Vimal Aggarwal	3,500
2.	Weichuan LU	1,500
3.	Wang Jonhua	1,500
4.	Parekh Nitin Rajan	1,000
5.	Parekh Vamanrai Nitin	1,000
6.	Patel Babubhai	750
7.	Patel C. Prashant	750
	Total	10,000

** face value per share is Rs.1000 but the amount paid per share is Rs. 50/- per equity share*

N. B. Welcome Pvt. Ltd. is not listed at any Stock Exchange neither it has any subsidiary.

9. S. D Chemicals Pvt. Ltd

The Company was incorporated in January 2, 1979, with the objective of carrying on business as manufacturers, processors, refiners, exporters, importers and dealers in all kinds of chemicals including basic chemicals, organic chemicals etc. but at present, it is not carrying any business activity.

Brief Financials

(Rs. in Lakhs)

Particulars	2002-03	2003-04	2004-05
Sales & Other Income	0.57	0.92	0.99
PAT	0.02	0.03	0.01
Equity Share Capital	200.00	200.00	200.00
Reserves & Surplus (excl revaluation reserves and deferred tax reserve)	16.98	17.02	17.04
EPS (Rs.)	0.01	0.02	Negligible
Book Value/ Share (Rs.)	108.49	108.51	108.52
Net Worth	216.98	217.02	217.04

Board of Directors

1. Naresh Aggarwal
2. Sunita Aggarwal

Shareholding Pattern

Sr. No.	Name of Shareholder	No. of Equity Shares held
1.	Gandhar Exports Limited	62,000
2.	Ruchi India Limited	335
3.	Jai Prakash Aggarwal	4,695
4.	J.P.Aggarwal (HUF)	1,000
5.	Vimal Kumar Aggarwal	66,430
6.	Naresh Kumar Aggarwal	15,540
7.	V.K.Aggarwal (HUF)	13,150
8.	N.K.Aggarwal (HUF)	12,300
9.	Savitri Devi Aggarwal	2,800
10.	Sumitra Aggarwal	1,750
11.	K.N. Aggarwal (HUF)	1,060
12.	Santosh Gupta	420
13.	Mayank Aggarwal	1,740
14.	Prayank Aggarwal	100
15.	Shruti Aggarwal	400
16.	Sandeep Aggarwal	1,280
17.	Sunita Aggarwal	15,000
	Total	2,00,000

As per SICA, none of the promoter group companies are 'sick companies'.

Common Pursuits and Nature of Interest

Two of the group companies of SGL viz. Shyamtex International Limited and Target Fashions Limited and are in the same line of business. The Company believes that due to removal of quotas w.e.f. January 1, 2005, there is enlargement of market for various textile companies to survive. However, these companies may pose a competition for SGL.

CURRENCY OF PRESENTATION

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

In this Prospectus, throughout all figures have been expressed in lakhs. The word “lakhs” or “Lakh” or “Lacs” means “One hundred thousand”.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this 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 the shareholders of the Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. The Company has not declared or distributed any dividend on Equity shares of the Company since incorporation.

SECTION V - FINANCIAL INFORMATION OF THE COMPANY

FINANCIAL STATEMENTS OF THE COMPANY AS RESTATED FOR THE YEARS ENDED MARCH 31, 2001, 2002, 2003, 2004, 2005 and period ended December 31, 2005

AUDITORS' REPORT

The Board of Directors
Shivalik Global Limited
Unit No.111 Block No. 1,
First Floor, Tribhuwan Complex,
Ishwar Nagar,
New Delhi - 110 065

Dear Sirs,

We have examined the annexed financial information of Shivalik Global Limited for the five financial years from financial year ended March 31, 2001 to financial year ended March 31, 2005 and for the period ended December 31, 2005, being the last date to which the accounts of the Company have been made up and audited. The Financial information is based on the accounts audited by us for the above-mentioned period. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit. These accounts were approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the Issue').

In accordance with the requirements of:

- a. Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
- b. The Securities and Exchange Board of India (Disclosure and Investor Protection) guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India Act, 1992 and related amendments and
- c. Our terms of reference with the Company dated July 24, 2005 requesting us to carry out work in connection with the Offer Document as aforesaid. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:
 - i. The restated profits/losses of the Company for the period ended March 31, 2001, 2002, 2003, 2004 and 2005 and as at December 31, 2005 are as set out in Annexure I to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and subject to the accounting policies and Notes thereon appearing in Annexure III to this report.
 - ii. The restated assets and liabilities of the Company as at March 31, 2001, 2002, 2003, 2004 and 2005 and as at December 31, 2005, are as set out in Annexure II to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Accounting Policies and Notes thereon appearing in Annexure III to this report.
 - iii. The Company has not declared or distributed any dividend on Equity Shares since incorporation.
 - iv. Statement of secured loans outstanding as at above-mentioned years enclosed as per Annexure IV & security of loan outstanding as at December 31, 2005 is given in Annexure IV itself.
 - v. Accounting Ratios as appearing in Annexure V to this Report;
 - vi. Capitalization statements as at December 31, 2005 as appearing in Annexure VI to this report;
 - vii. Statement of Unsecured Loans outstanding as at December 31, 2005 (including that from related parties) is enclosed as Annexure VII to this report;
 - viii. Statement of tax shelters as appearing in Annexure VIII to this report;
 - ix. For details contingent liability as at December 31, 2005 to be referring note no. 1 of notes to accounts enclosed here with as per Annexure No. III.
 - x. Age wise detail of sundry debtors for above-mentioned period is given as per Annexure IX.

- xi. Break-up of loans & advances for above mentioned period is given as per Annexure X.
- xii. Statement of investments at the end of above mentioned period is enclosed as per Annexure XI.
- xiii. Detail of transaction with the related parties (Related parties within the meaning of AS 18 issued by ICAI) is enclosed as per Annexure XII.
- xiv. Statement of Other Income enclosed as Annexure XIII to this report.
- xv. Statement of Cash Flow enclosed as Annexure XIV to this report.

In our opinion the financial information of the Company as stated above read with significant accounting policies attached in Annexure III to this report, after making adjustments/restatements and regroupings as considered appropriate, has been prepared in accordance with Part II of schedule II of the Companies Act, 1956 and the Guidelines issued by SEBI.

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

For M.M. GOYAL & CO.
Chartered Accountants

(M.M. Goyal)
Partner
Membership No. - 86085
Place : New Delhi
Date : February 2nd 2006

ANNEXURE - I STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rs. in Lakhs)

	Particulars	Financial Year ended March 31,					Period ended Dec. 31, 2005
		2001	2002	2003	2004	2005	
A.	Income						
	Sale of Products						
	- Manufactured Goods	4123.41	8132.21	9040.40	11406.22	12504.98	10365.86
	Traded Goods						
	- Processing Charges	3518.66	2799.58	3587.22	3213.75	3886.81	2641.74
	- Export Incentives	440.74	222.99	111.67	214.23	162.25	107.34
	Total	8082.81	11154.78	12739.29	14834.20	16554.04	13114.94
	Other Incomes	44.76	16.39	8.06	3.16	14.45	7.05
	Increase/(Decrease) in Inventories	141.85	362.12	(50.80)	276.27	1097.97	366.45
	Total	8269.42	11533.29	12696.55	15113.63	17666.46	13488.44
B.	Expenditure						
	Raw Material Consumed	4041.61	7441.27	8141.90	10521.74	11989.91	8834.09
	Stores Consumed	19.95	58.77	67.99	47.95	64.70	45.26
	Employee Cost	326.74	364.68	370.47	470.64	579.02	446.96
	Power & Fuel	906.69	878.50	1231.81	1263.94	1298.56	1167.41
	Other Manufacturing Expenses	1072.96	935.65	578.73	619.79	826.44	699.42
	Administrative Expenses	91.31	69.05	85.21	69.17	96.04	67.88
	Selling & Distribution Expenses	420.66	201.91	239.62	282.76	441.58	355.97
	Excise Duty	110.00	285.98	400.35	236.40	112.52	-
	Interest	466.33	436.85	608.03	605.24	827.37	603.90
	Miscellaneous Expenditure Amortised	0.35	0.35	0.35	0.35	0.35	0.26
	Goodwill Amortized	-	-	-	-	-	-
	Total	7456.60	10673.01	11724.46	14117.98	16236.49	12221.15
	Net Profit Before Depreciation, Tax & Prior Period Items (A-B)	812.82	860.28	972.09	995.65	1429.97	1267.29
	Depreciation	451.22	463.42	567.20	633.79	656.69	471.77
	Net Profit Before Tax & Prior Period Items	361.60	396.86	404.89	361.86	773.28	795.52
	Provision for Income Tax						
	- Current Tax	22.00	35.00	40.00	42.00	72.00	175.00
	- Deferred Tax	-	-	101.46	82.35	92.35	48.16
	- Fringe Benefit Tax	-	-	-	-	-	3.25
	Tax Paid/Provision Written Back for earlier Year	-	-	(0.29)	-	-	-
	Net Profit Before Prior Period Items	339.60	361.86	263.72	237.51	608.93	569.11
	Prior Period Items	-	-	-	-	-	-
	Net Profit as per Audited Financial Statements	339.60	361.86	263.72	237.51	608.93	569.11
	Add : Balance brought forward from previous year	377.31	716.91	885.87*	1149.59	1387.10	1996.03
	Balance carried forward to Summary of Assets and Liabilities	716.91	1078.77	1149.59	1387.10	1996.03	2565.14

* Deferred Tax Balance upto 31.03.2002 Rs. 192.89 Lakhs directly charged to Reserve & Surplus.

ANNEXURE - II STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
(Rs. in Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec. 31, 2005
	2001	2002	2003	2004	2005	
A Fixed/Intangible Assets						
Gross Block	3996.26	5069.26	6227.55	7301.76	7693.79	7881.16
Less: Depreciation	686.61	1149.96	1713.39	2342.74	2949.11	3420.88
Net Block	3309.65	3919.30	4514.16	4959.02	4744.68	4460.28
B Capital work in progress	79.12	19.38	124.45	73.02	67.64	72.06
C Investments	528.54	587.43	567.55	529.77	1.04	1.04
D Current Assets, Loans and Advances:						
Inventories	1454.67	2178.94	2228.50	2898.66	4326.97	4813.58
Sundry Debtors	1168.64	826.29	1965.83	2763.15	3526.83	3643.65
Cash and Bank Balances	6.74	12.56	74.77	124.73	169.61	170.10
Loans and Advances	332.83	390.23	291.75	696.19	491.24	511.86
Total	2962.88	3408.02	4560.85	6482.73	8514.65	9139.19
E Liabilities and Provisions:						
Secured Loans	3017.43	3662.06	5156.91	6588.94	6915.41	6230.07
Unsecured Loans	-	-	-	-	735.00	840.00
Current Liabilities and Provisions	1777.96	1770.14	1742.65	2267.94	1788.31	2113.97
Deferred Tax Liability	-	-	294.35	376.70	469.05	517.21
Total	4795.39	5432.20	7193.91	9233.58	9907.77	9701.25
F Networth (A+B+C+D-E)	2084.80	2501.93	2573.10	2810.96	3420.24	3971.32
G Represented by						
1. Share Capital	1370.35	1425.27	1425.27	1425.27	1425.27	1425.27
2. Reserves	716.91	1078.77	1149.59	1387.10	1996.03	2565.14
Total	2087.26	2504.04	2574.86	2812.37	3421.30	3990.41
H Miscellaneous Expenditure to the extent not written off or adjusted	2.46	2.11	1.76	1.41	1.06	19.09
I Networth (G-H)	2084.80	2501.93	2573.10	2810.96	3420.24	3971.32

ANNEXURE - III SIGNIFICANT ACCOUNTING POLICIES
1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- The Financial statement are prepared under the historical cost convention, unless stated otherwise, on a going concern basis, and in accordance with the generally accepted accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the Company, to the extent applicable.
- The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. FIXED ASSETS

- Fixed assets are stated at their original cost (Net of Cenvat) less depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation.
- Capital work in progress is stated at cost and includes advances for capital items.

3. DEPRECIATION

Depreciation on fixed Assets is provided on straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except on plant & machinery, depreciation has been provided on written down value method.

4. INVESTMENTS

Investments are valued at Cost.

5. INVENTORY

- a) Inventory of Raw material is valued at weighted average cost or net realizable value which ever is lower; Cost being net of excise duty.
- b) Inventory of finished goods is valued at the lower of cost or estimated realizable value. For this purpose, cost is being reckoned as full cost (exclusive of interest and administrative overheads) net of excise duty and includes excise duty in the finished goods, where applicable.
- c) Closing stock of work in progress is valued at the lower of cost or estimated realisable value; for this purpose cost does not include excise duty.
- d) Inventory of store & spare is valued at cost, exclusive of excise duty.
- e) Scrap is valued at net realizable value.

6. SALES

Sales include Excise duty and are net of trade discounts.

7. PURCHASE OF RAW MATERIAL

Cost of Purchase less CENVAT Credits constituted purchase price and includes duties, Freight inward and other cost directly attributable to such purchase in the year in which they are accounted, whether the expenditure is immediate or deferred.

8. FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.

Any income or expenses on account of foreign exchange difference either on settlement or on transaction, is being recognized in Profit and Loss Account except in cases where they relate to the acquisition of fixed assets. In which cases these are adjusted to the carrying cost of such assets.

9. EXPORT INCENTIVES

Export incentives are accounted for on the basis of exports sales effected during the period.

10. EMPLOYEES RETIREMENT BENEFITS

Contribution to provident fund and family pension fund are charged to the Profit and loss Account. Gratuity and leave encashment are provided on the basis of accrued liability.

11. EXCISE DUTY

Excise duty in respect of finished goods produced by the company accounted for at the time of removal of goods from the factory for sale. The accounting treatment has no impact on profit for the year.

12. TAXATION

Deferred tax is recognized subject to consideration of prudence. On timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

13. MISCELLANEOUS EXPENDITURE

- a) Miscellaneous Expenditure included:
 - 1) Deferred revenue expenditure incurred for increasing authorised share capital.
 - 2) Preliminary expenses.
- b) Preliminary expenses and deferred revenue expenditure are amortized over a period of 10 years.

NOTES TO ACCOUNTS

1. CONTINGENT LIABILITIES

(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
(a) Bank Guarantee for A.E.P.C. and Custom Duty	4.50	34.00	39.70	41.42	62.75	18.30
(b) Bills Discounted	118.43	212.74	3.70	245.98	111.50	146.52
(c) Outstanding Letter of Credit (Net of margin of Rs. 166.05 lakhs Previous year Rs. 162.23 lakhs)	106.21	260.32	316.67	533.89	577.63	822.17
(d) Export Obligation	3426.00	2083.00	8261.00	8815.00	8624.00	7695.00
(e) Disputed Liability towards Income Tax	-	-	-	26.72	37.48	37.48
(f) Disputed Liability towards Sales Tax	-	-	-	-	11.84	11.84
(g) Disputed Liability towards Local area Development Tax	-	-	-	50.94	50.94	50.94
(h) Surety given to Sale Tax Deptt. For third party	1.00	1.00	1.00	1.00	1.00	1.00
(i) Corporate Gurantee given to banks						
a) Uco Bank on behalf of Shyam Tex International Ltd	-	-	1460.00	1835.00	2550.00	2750.00
b) Oriental Bank of Commerce on behalf of Shyam tex International Ltd	-	-	-	960.00	1335.00	1335.00
c) Union Bank of India on behalf of Ruchi India Ltd.	-	-	-	-	585.00	585.00
d) Andhra Bank on behalf of Target Fashion Ltd	-	-	-	-	1450.00	1450.00
(i) Estimated amount of Contract remaining to be executed (Net of Advance)	150.00	105.00	225.00	156.00	134.00	185.00

2. DIRECTORS REMUNERATION

(Rs in Lakhs)

	As at Dec 31, 2005	As at March 31, 2005	As at March 31, 2004
Salary	16.65	22.20	22.20
House Rent allowance	-	-	-
Perquisites	-	-	-

3. Computation of Net Profit in accordance with section 198/349 of the Companies Act, 1956 has not been given as no commission is payable to Managing/Whole time Director.
4. Personal accounts are subject to confirmation of respective parties.
5. Previous years figures have been regrouped / rearranged wherever considered necessary to make comparable with the current year figures.
6. In the absence of sufficient information from suppliers regarding their status as SSI unit, amount overdue to such undertaking could not be ascertained.

7. DEFERRED TAX LIABILITY

Major component of deferred tax liability, arising on account of timing Difference is depreciation charged on fixed assets:

(Rs. In Lakhs)

	As at Dec 31, 2005	As at March 31, 2005	As at March 31, 2004
Deferred Tax liability (Net)	517.21	469.05	376.70

8. AUDITOR'S REMUNERATION

(Rs. In Lakhs)

Particulars	As at Dec 31, 2005	As at March 31, 2005	As at March 31, 2004
Audit Fees	0.28	0.28	0.22
Tax Audit Fees	-	0.11	0.05
Total*	0.28	0.39	0.27

*Inclusive of service Tax

9. SEGMENT INFORMATION:

a) Primary Segment Reporting by Business Segment:

Based on the guidelines in Accounting Standard on segment Reporting (AS-17) issued by the ICAI. The Company's primary business segment is Manufacture in textiles. The Textile Business incorporate the product groups namely: Printing, Dyeing & Processing of Woven and Knitted Fabrics and Processing and Dyeing of Yarn and Manufacture of Knitted fabric & Readymade Garments and Sewing Threads, which mainly have similar risks and returns.

b) Secondary Segment Reporting (By Geographical Segments):

The following is the distribution of the Company's consolidated sales by geographical segment, regardless of where the goods were produced.

(Rs. In Lakhs)

Particulars	As at Dec 31, 2005	As at March 31, 2005	As at March 31, 2004
(i) Sales to Overseas Market *	2248.38	2435.01	1646.26
(ii) Sales to Domestic Market	10759.23	13956.79	12973.71

* Exclusive of Export incentives.

The Company has common fixed assets for producing goods for overseas markets and domestic markets. Hence, separate figures for fixed assets/additions to fixed assets etc. cannot be furnished.

10. CALCULATION OF EARNING PER SHARE

Particulars	As at Dec 31, 2005	As at March 31, 2005	As at March 31, 2004
a) Weighted Average number of Equity Shares Number of equity share at the commencement of the year(Nos.)	1,42,52,680	1,42,52,680	1,42,52,680
Add: Bonus share issued during the year (Nos.)	-	-	-
Weighted Average Number of Equity Shares used as denomination (Nos.)	1,42,52,680	1,42,52,680	1,42,52,680
b) Net profit as per Profit & Loss Account (Rs.)	5,69,11,171	6,08,92,521	2,37,51,587
c) Basic & Diluted earning per share (a/b) (Rs.)	3.99	4.27	1.67
c) Earning per share (Annualised)	5.32	4.27	1.67

ANNEXURE – IV STATEMENT OF SECURED LOANS OUTSTANDING AS AT DECEMBER 31, 2005

(Rs. In Lakhs)

Particulars of Loan	Bank / Financial Institution	Nature of Loan	Sanctioned Amount	Amount Outstanding	Rate of Interest p.a. (%)*	Repayment of Terms	Securities Offered
From Financial Institution (Covered under TUF)	IFCI	Term Loan	1000	287.56	14%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
	HSIDC	Term Loan	440	126.95	12%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
	HSIDC	Term Loan	425	141.68	16%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
	HSIDC	Term Loan	250	104.15	12%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
	HSIDC	Term Loan	189	87.82	12%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
		Total		748.16			
Term Loan from Banks Covered under TUF	UCO Bank	Term Loan	400	199.97	12.50%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
	Punjab National Bank	Term Loan	745	446.59	11.75%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
	Oriental Bank of Commerce	Term Loan	615	491.97	11.75%	20 Quarterly Installments. Interest shall be paid separately as and when due.	First charge on all the Fixed Assets of the Company
		Total		1138.53			

* Exclusive of TUF reimbursement of 5%

			Sanctioned Amount	Outstanding Amount	Rate of Interest	Security
Working Capital Facility from Banks	Punjab National Bank	CC	650.00	658.08	11.25%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	Punjab National Bank	WCDL	1070.00	1069.10	11.25%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	Punjab National Bank	PCL	250.00	249.84	As per H.O guidelines	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
		Total (A)	1970.00	1977.02		
	UCO Bank	CC	360.00	360.18	12.50%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	UCO Bank	WCDL	640.00	640.00	12.50%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	UCO Bank	PCL	100.00	99.70	As per H.O guidelines	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
		Total (B)	1100.00	1099.88		
	Oriental Bank of Commerce	CC	80.00	129.85	11.25%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	Oriental Bank of Commerce	WCDL	330.00	330.00	11.25%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	Oriental Bank of Commerce	PCL	200.00	198.86	As per H.O guidelines	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
		Total (C)	610.00	658.71		
	Union Bank of India	CC	105.00	132.29	11.75%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	Union Bank of India	WCDL	415.00	415.00	11.75%	Hypothecation of stock of raw materials, WIP, semi finished goods and finished goods 2nd charge on fixed assets
	Total (D)		520.00	547.29		
	Total (A to D)		4282.90			

Other Loans	ABN Amro Bank	Hire purchase loan	-	1.34	-	Secured by Specific assets (vehicles)
	ICICI Bank	Hire purchase loan	-	17.21	-	Secured by Specific assets (vehicles)
	Citi Bank	Hire purchase loan	-	5.42	-	Secured by Specific assets (vehicles)
	Standard Chartered Bank	Hire purchase loan	-	2.07	-	Secured by Specific assets (vehicles)
		Total		-	26.04	

DETAILS OF SECURED LOANS(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
From Financial Institution *						
— In Foreign Currency	-	-	-	-	-	-
— In Indian Rupees	-	-	-	-	-	-
— Technical Upgradation	1880.50	1665.33	1503.44	1280.14	955.03	748.16
Interest Accrued	-	-	-	-	24.41	34.44
From Banks						
— Term Loan *	-	400.00	1145.00	1698.89	1373.69	1138.53
— Other Term Loan ***	18.59	50.07	36.72	33.65	44.46	26.04
— Working Capital Loan **	1118.34	1546.66	2471.75	3576.26	4517.82	4282.90
From Body Corporates						
— Term Loan	-	-	-	-	-	-
	3017.43	3662.06	5156.91	6588.94	6915.41	6230.07

Security:

* Secured by a first mortgage over the company's immovable and movable properties including its movable machinery, spares, tools and accessories, present and future and a first charge on all the remaining assets of the company, present and future (save and except book debits in the case of hypothecation) subject to prior charges and/or to be created in favour of the company's bankers for securing its working capital requirements and further guaranteed by personal guarantee of three directors.

** Secured by way of current assets, stock of raw material, semi finished and finished goods, consumable stores and spares, bills receivable and book debits and all other movables, present and future, also a second mortgage and charges ranking after the charges created or to be created in favour of the term lenders on immovable and movable properties both present and future.

*** Secured by first charge on certain movable assets (Vehicles).

ANNEXURE - V STATEMENT OF ACCOUNTING RATIOS
(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
Earnings Per Share (EPS) (Rs.)	2.48	2.54	1.85	1.67	4.27	5.32*
Return on Networth (%)	16.33	14.46	10.25	8.45	17.80	19.10*
Net Asset Value (NAV) Per Share (Rs.)	15.23	17.55	18.05	19.72	24.00	27.86
Equity Shares Outstanding during the year	13649080	14252680	14252680	14252680	14252680	14252680

***Annualised**

Notes:

The Ratios have been computed as below:

Earning per Share (Rs.) = $\frac{\text{Net Profit attributable to Equity Shareholders}}{\text{No. of Equity Share outstanding during the year}}$

Return on Net worth (%) = $\frac{\text{Net profit After Tax}}{\text{Net Worth at the end of the year}}$

Net Asset Value per Share (Rs.) = $\frac{\text{Net Worth at the end of the year}}{\text{Equity Share outstanding during the year}}$

ANNEXURE – VI CAPITALISATION STATEMENT
(Rs. In Lakhs)

	Pre issue as at Dec 31,2005	Adjusted for Present Issue
Debt		
Short Term Debt *	4343.38	4343.38
Long Term Debt (A)	1886.69	886.69
Total Debt	6230.07	5230.07
Shareholders' Funds		
Share Capital	1425.27	2425.27
Share Premium	—	5000.00
Reserves	2565.14	2565.14
Total Shareholders' Funds B	3990.41	9990.41
Long Term Debt/ Total Shareholders' Fund (A/B)	0.47 : 1.00	0.09 : 1.00

* As informed by management, short term debts are debts repayable within one year.

ANNEXURE - VII STATEMENT OF UNSECURED LOANS OUTSTANDING AS AT 31.12.2005
(Rs. in Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
Interest free security not repayable within one year	-	-	-	-	735.00	735.00
Inter- Corporate Deposit Repayable within one year	-	-	-	-	-	105.00
Total	-	-	-	-	735.00	840.00

ANNEXURE – VIII STATEMENT OF TAX SHELTERS
(Rs. in Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
Profit Before Tax as Per Books (A)	361.60	396.86	404.89	361.86	773.27	795.52
Tax Rate	39.55%	35.70%	36.75%	35.88%	36.59%	33.66%
Tax at actual rate on book profits	143.01	141.68	148.80	129.82	282.94	267.77
Adjustments :						
Permanent Differences						
U/s 80HHC	123.68	21.50	4.70	4.44	-	-
Other Adjustments	-	-	-	-	-	-
Total Permanent Differences (B)	123.68	21.50	4.70	4.44	-	-
Timing Differences						
Difference between Tax Depreciation and Book Depreciation	276.99	274.16	289.87	235.28	585.49	279.23
Provision for Gratuity	-	-	-	(3.78)	(3.51)	(3.46)
U/s 43B	-	-	-	-	-	-
Other Adjustments	(14.99)	(0.30)	(10.11)	(4.85)	(5.79)	-
Total Timing Differences (C)	262.00	273.86	279.76	226.65	576.19	275.77
Net Adjustments (B+C)	385.68	295.36	284.46	231.09	576.19	275.77
Tax saving Thereon	152.54	105.44	104.54	82.90	210.83	92.82
Profit as per Income Tax returns (D)= (A-B-C)	(24.08)	101.50	120.43	130.77	197.08	519.75
Taxable Income as per MAT	238.44	375.56	400.20	357.70	773.27	795.52
Tax as per Income Tax Returns	20.21	36.23	44.26	46.91	72.00	174.95

Notes:

1. The figures for all other years are as per the Returns of Income Filed.
2. The Benefit U/s 80 HHC is no more available after 31.03.2004.

ANNEXURE - IX STATEMENT OF DEBTORS
(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
(Unsecured)						
Debts Outstanding Over Six Months						
- Considered Good	10.66	14.64	18.33	27.79	73.06	92.77
- Considered Doubtful	-	-	-	-	18.82	32.45
(Less) Provision for Doubtful Debts	-	-	-	-	(18.82)	(32.45)
Others	1157.98	811.66	1947.50	2735.36	3453.77	3550.88
	1168.64	826.29	1965.83	2763.15	3526.83	3643.65
The above include the following receivable from Promoters/ Promoter group or those related to promoters:*						
Shyamtex International Ltd.	-	-	435.26	-	-	-
Ruchi India Ltd.	-	-	-	2.40	-	-

* Parties as identified by the Company & relied upon by us.

ANNEXURE - X STATEMENT OF LOANS AND ADVANCES GIVEN

(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
(Unsecured, Considered Good)						
Advances Recoverable in Cash Or in Kind or for Value To be Received	71.51	110.51	116.04	249.36	142.75	189.53
Security Deposit	8.78	30.47	31.19	33.34	38.49	35.49
Export Benefit Receivable	177.32	107.62	35.18	73.25	56.24	72.04
Balance With Excise Department	4.75	23.90	16.72	269.75	154.62	147.67
Advance Wealth / Income Tax paid	45.44	68.55	86.53	64.41	92.96	60.95
Margin Money	24.37	48.50	6.09	6.08	6.18	6.18
Sales Tax Refundable	0.66	0.68	-	-	-	-
	332.83	390.23	291.75	696.19	491.24	511.86
The above include the following receivable from Promoters/ Promoter group or those related to promoters:*						
Sh. J.P. Aggarwal **	-	-	33.83	28.71	-	-
Sh. Sandeep Aggarwal **	-	-	11.96	7.50	-	-

* Parties as identified by the Company & relied upon by us.

** Advance given against Property taken on lease.

ANNEXURE - XI STATEMENT OF INVESTMENTS

(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
Long Term						
(other than trade)						
QUOTED (AT COST)						
ITC Ltd						
8,200 Equity Share @ Rs.676.18/- each	55.44	-	-	-	-	-
12,200 Equity Share @ Rs.691.05/- each	-	84.32	-	-	-	-
11,750 Equity Share @ Rs.762.36 /-each	-	-	89.57	-	-	-
8,750 Equity Share @ Rs.942.36/- each	-	-	-	82.45	-	-
Pentafor Software						
500 Equity Shares @ Rs.1320.10/- each	6.60	-	-	-	-	-
Ranbaxy Laboratories						
9,300 Equity Shares @ Rs.912.91/- each	84.90	-	-	-	-	-
8,500 Equity Shares @ 942.75/- each	-	80.13	-	-	-	-
5,300 Equity Shares @ Rs.912.91/- each	-	-	48.38	48.38	-	-
Raymonds Ltd.						
4,500 Equity Shares @ Rs.64.36/- each	2.90	-	-	-	-	-
1,500 Equity Shares @ Rs.68.90/- each	-	1.03	1.03	-	-	-
Reliance Industries						
15,200 Equity Shares @ Rs.281.85/- each	42.84	-	-	-	-	-
20,650 Equity Shares @ Rs.276.86/- each	-	57.17	-	-	-	-
17,800 Equity Shares @ Rs.389.84/- each	-	-	69.39	-	-	-
7,650 Equity Shares @ Rs.424.77/- each	-	-	-	32.49	-	-

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
HFCL						
3,050 Equity Shares @ Rs.230.17/- each	7.02	-	-	-	-	-
5,050 Equity Shares @ Rs.155.85/- each	-	7.87	7.87	-	-	-
30,100 Equity Shares @ Rs.33.85/- each	-	-	-	10.19	-	-
Hind Motors Ltd.						
2,000 Equity Shares @ Rs.76.00/- each	1.52	1.52	-	-	-	-
500 Equity Shares @ Rs.76.00/- each	-	-	0.38	-	-	-
NIIT						
100 Equity Shares @ Rs.551.60/- each	-	0.55	-	-	-	-
Zee Telefilms						
10,150 Equity Shares @ Rs.110.82/- each	11.25	11.25	-	-	-	-
10,100 Equity Shares @ Rs.110.56/- each	-	-	11.17	11.17	-	-
L & T						
1,000 Equity Shares @ Rs.393.80/- each	-	3.94	-	-	-	-
500 Equity Shares @ Rs.588.04/- each	-	-	2.94	-	-	-
4,000 Equity Shares @ Rs.586.90/- each	-	-	-	23.48	-	-
Grasim						
1,000 Equity Shares @ Rs.396.47/- each	-	3.96	-	-	-	-
Tata Tea						
3,750 Equity Shares @ Rs.241.81/- each	-	9.07	-	-	-	-
3,600 Equity Shares @ Rs.242.22/- each	-	-	8.72	-	-	-
Bata India						
4,000 Equity Shares @ Rs.49.38/- each	-	1.98	-	-	-	-
5,500 Equity Shares @ Rs.47.04/- each	-	-	2.59	-	-	-
HCL Ltd.						
200 Equity Shares @ Rs.306.60/- each	-	0.61	0.61	-	-	-
Infosys System						
90 Equity Shares @ Rs.3733.20/- each	-	3.36	-	-	-	-
Nahar Spinning Mills Ltd.						
500 Equity Shares @ Rs.844.01/- each	-	-	4.22	-	-	-
UCO Bank						
7,800 Equity Shares @ Rs.12/- each	-	-	-	0.94	0.94	0.94
Mutual Funds						
P.NB Mutual Fund 997.934 Units @ Rs.10.02/- each	-	-	-	-	0.10	0.10
UNQUOTED, FULLY PAID UP						
S. D Chem (P) Ltd.						
65,000 Equity Shares @ Rs.100/- each	65.00	65.00	65.00	65.00	-	-
Gandhar Petrochemicals Ltd.						
12,90,000 Equity Shares @ Rs.10/- each	129.00	129.00	129.00	129.00	-	-
Demaco Polymers Ltd.						
1,22,070 Equity Shares @ Rs.100/- each	122.07	122.07	122.07	122.07	-	-
Kisan Vikas Patra	-	4.60	4.60	4.60	-	-
Total	528.54	587.43	567.55	529.77	1.04	1.04

ANNEXURE - XII RELATED PARTY INFORMATION

The following are the Related Party Transactions as per Accounting Standard - 18 of ICAI.

(i) Relationships:

Particulars	Financial Year ended March 31,			Period ended Dec 31, 2005
	2003	2004	2005	
Nature of Relationship	Name of the Party	Name of the party	Name of the Party	Name of the Party
Subsidiaries	Nil	Nil	Nil	Nil
Associates	Nil	Nil	Nil	Nil
Key Managerial Personnel	1. J.P. Aggarwal 2. Sandeep Aggarwal 3. Sumitra Aggarwal	1. J.P. Aggarwal 2. Sandeep Aggarwal 3. Sumitra Aggarwal	1. J.P. Aggarwal 2. Sandeep Aggarwal 3. Sumitra Aggarwal	1. J.P. Aggarwal 2. Sandeep Aggarwal 3. Sumitra Aggarwal
Relatives of Key Managerial Personnel	1. Viniti Aggarwal	1. Viniti Aggarwal	1. Viniti Aggarwal	1. Viniti Aggarwal
Enterprises over which key management personnel (KMP) or relative having significant influence:	1. M/s. Shyam Tex International Ltd. 2. M/s. Demaco Polymers Ltd. 3. M/s. Gandhar Exports Ltd. 4. M/s. Ruchi India Ltd. 5. M/s. Gandhar Petrochemicals Ltd. 6. M/s. Target Fashions Ltd. 7. M/s. S.D. Chem (P) Ltd. 8. M/s. Vinsan Health Care Ltd. 9. M/s. N.B. Welcome Chemicals (P) Ltd.	1. M/s. Shyam Tex International Ltd. 2. M/s. Demaco Polymers Ltd. 3. M/s. Gandhar Exports Ltd. 4. M/s. Ruchi India Ltd. 5. M/s. Gandhar Petrochemicals Ltd. 6. M/s. Target Fashions Ltd. 7. M/s. S.D. Chem (P) Ltd. 8. M/s. Vinsan Health Care Ltd. 9. M/s. N.B. Welcome Chemicals (P) Ltd.	1. M/s. Shyam Tex International Ltd. 2. M/s. Demaco Polymers Ltd. 3. M/s. Gandhar Exports Ltd. 4. M/s. Ruchi India Ltd. 5. M/s. Gandhar Petrochemicals Ltd. 6. M/s. Target Fashions Ltd. 7. M/s. S.D. Chem (P) Ltd. 8. M/s. Vinsan Health Care Ltd. 9. M/s. N.B. Welcome Chemicals (P) Ltd.	1. M/s. Shyam Tex International Ltd. 2. M/s. Demaco Polymers Ltd. 3. M/s. Gandhar Exports Ltd. 4. M/s. Ruchi India Ltd. 5. M/s. Gandhar Petrochemicals Ltd. 6. M/s. Target Fashions Ltd. 7. M/s. S.D. Chem (P) Ltd. 8. M/s. Vinsan Health Care Ltd. 9. M/s. N.B. Welcome Chemicals (P) Ltd.

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

(ii) Transactions Carried out with related parties referred in (i) above, in ordinary course of business

For the Financial Year Ended 2002-03

(Rs. in lakhs)

PARTICULARS	Subsidiary Companies	Asso- ciates	Key Management Personnel	Relatives of key Management personnel	Enterprises over which KMP & their relatives have significant influence	Grand total
Rent Paid	-	-	2.14	-	-	2.14
Remuneration	-	-	9.60	2.40	-	12.00
Loan & advance Given	-	-	45.79	-	-	45.79
Sale/Jobwork	-	-	-	-	32.91	32.91
Purchase/Job work	-	-	-	-	50.03	50.03
Outstanding	-	-				
Receivable	-	-	-	-	435.26	435.26
Payable	-	-	-	-	69.78	69.78

For the Financial Year Ended 2003-04

(Rs. in lakhs)

PARTICULARS	Subsidiary Companies	Associates	Key Management Personnel	Relatives of key Management personnel	Enterprises over which KMP & their relatives have significant influence	Grand total
Rent Paid	-	-	2.28	-	-	2.28
Remuneration	-	-	22.20	6.00	-	28.20
Loan & advance Given	-	-	36.21	-	-	36.21
Sale/Jobwork	-	-	-	-	437.01	437.01
Purchase/Job work	-	-	-	-	329.76	329.76
Outstanding	-	-				
Receivable	-	-	-	-	2.40	2.40
Payable	-	-	1.05	-	12.30	13.35

For the Financial Year Ended 2004-05

(Rs. in lakhs)

PARTICULARS	Subsidiary Companies	Associates	Key Management Personnel	Relatives of key Management personnel	Enterprises over which KMP & their relatives have significant influence	Grand total
Rent Paid	-	-	2.28	-	-	2.28
Remuneration	-	-	22.20	6.00	-	28.20
Loan & advance Given	-	-	-	-	-	-
Sale/Jobwork	-	-	-	-	977.33	977.33
Purchase/Job work	-	-	-	-	928.01	928.01
Outstanding	-	-				
Receivable	-	-	-	-	-	-
Payable	-	-	0.99	-	-	0.99

For the Period ended Dec 31, 2005

(Rs. in lakhs)

PARTICULARS	Subsidiary Companies	Associates	Key Management Personnel	Relatives of key Management personnel	Enterprises over which KMP & their relatives have significant influence	Grand total
Rent Paid	-	-	-	-	-	-
Remuneration	-	-	16.65	1.50	-	18.15
Loan & advance Given	-	-	-	-	-	-
Sale/Jobwork	-	-	-	-	1035.11	1035.11
Purchase/Job work	-	-	-	-	1057.84	1057.84
Outstanding	-	-				
Receivable	-	-	-	-	-	-
Payable	-	-	10.65	0.90	426.43	437.98

ANNEXURE – XIII STATEMENT OF OTHER INCOME

(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
Interest	1.72	2.42	6.99	2.40	10.46	7.05
Exchange Fluctuation	22.20	12.28	0.01	0.41	1.86	-
Miscellaneous Income	17.95	0.94	0.09	0.16	2.05	-
Income from Investments	2.89	0.75	0.97	0.19	0.08	-
Total	44.76	16.39	8.06	3.16	14.45	7.05

ANNEXURE – XIV STATEMENT OF CASH FLOWS FROM THE RESTATED FINANCIAL STATEMENTS

(Rs. In Lakhs)

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit after Tax and before/ prior period/ extra ordinary items	339.60	361.86	263.72	237.52	608.93	569.11
Adjustment for :						
Depreciation	451.22	463.42	567.20	633.79	656.69	471.77
Expenses amortised	0.35	0.35	0.35	0.35	0.35	0.26
Provision (Retirement Benefits)	5.74	-	-	3.77	3.50	3.46
Interest and financial charges	466.33	436.85	608.03	605.24	827.37	603.90
Profit/Loss on Sale of Fixed Assets	14.11	-	3.71	3.76	5.61	-
Profit/Loss on sale of Investment	-	-	6.07	-	-	-
Provision for Tax/ Tax for Earlier years	22.52	35.21	141.17	124.64	164.35	226.41
Interest Income	(1.72)	(2.42)	(6.99)	(2.40)	(10.46)	(7.04)
Income from Investment	(2.89)	(0.75)	(0.97)	(0.19)	(0.08)	-
Exchange Fluctuation	(22.20)	(12.28)	(0.01)	(0.41)	(1.86)	-
Operating Profit Before Working Capital Change	1273.06	1282.24	1582.28	1606.07	2254.40	1867.87
Adjustment for :						
(Increase)/Decrease in Trade and Other Receivable	(693.85)	284.97	(1041.07)	(1201.76)	(558.73)	(137.44)
(Increase)/Decrease in Inventories	(470.83)	(724.28)	(49.56)	(670.16)	(1428.32)	(486.60)
Increase/(Decrease) in Trade Payable	626.73	(20.82)	(32.49)	519.52	221.88	215.93
Cash Generated from operations	735.11	822.11	459.16	253.67	489.23	1459.76
Direct Taxes	(26.52)	(22.21)	(34.72)	(40.29)	(42.00)	(72.00)
Cash Flow before prior period items	708.59	799.90	424.44	213.38	447.23	1387.76
Prior Period Items (Net of Depreciation) -	-	-	-	-	-	-
Net Cash (Used in) From Operating Activities	708.59	799.90	424.44	213.38	447.23	1387.76
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets (Including capital work in progress)	(904.58)	(1013.54)	(1279.38)	(1036.62)	(484.62)	(191.79)
Sale/Damage of Fixed Assets	15.51	0.21	8.54	5.65	42.05	-
(Increase) / Decrease of Investment	(395.59)	(58.89)	13.81	37.78	528.73	-
Interest Income	1.72	2.42	6.99	2.40	10.46	7.04
Income from Investments	2.89	0.75	0.97	0.19	0.08	-

Particulars	Financial Year ended March 31,					Period ended Dec 31, 2005
	2001	2002	2003	2004	2005	
Net Cash (Used in) /from investing activities	(1280.05)	(1069.05)	(1249.07)	(990.60)	96.70	(184.75)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Borrowings	1039.57	1047.09	1894.73	1716.40	976.78	-
Repayment of Borrowings	(90.00)	(402.47)	(399.87)	(284.39)	(650.31)	(685.34)
Proceeds from Share Capital	75.44	54.92	-	-	-	-
Repayment /Proceeds of Unsecured Loans	(60.00)	-	-	-	-	105.00
Interest Paid	(466.33)	(436.85)	(608.03)	(605.24)	(827.37)	(603.90)
Deffered Exp. paid	-	-	-	-	-	(18.29)
Exchange Fluctuation	22.20	12.28	0.01	0.41	1.86	-
Net Cash (Used in)/from Financing Activities	520.88	274.97	886.84	827.18	(499.04)	(1202.53)
Net increase(decrease) in Cash and Cash equivalents (A+B+C)	(50.58)	5.82	62.21	49.96	44.89	0.48
Cash and Cash equivalents at beginning of the Year	57.32	6.74	12.56	74.77	124.73	169.62
Cash and Cash equivalents at the end of the Year	6.74	12.56	74.77	124.73	169.62	170.10

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

The investors should read the following discussion of the financial conditions and results of operations together with the audited financial statements of the Company, each for the three months ending December 31, 2005 and the financial years 2005, 2004, 2003, 2002 and 2001 including the notes thereto and the reports thereon, which appear in the section titled "Financial Information of the Company" beginning on the page no. 70 of this Prospectus.

The financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated, as described in the report of our Statutory Auditor viz. M/s M. M. Goyal & Company dated October 10, 2005 in the section titled "Financial Information of the Company" on page no.70 of this Prospectus.

The fiscal year of the Company ends on March 31 of each year, so all references to a particular fiscal year are to the twelve month period ended 31st day of that year.

OVERVIEW OF THE BUSINESS

The Company is operating in the textile sector both in the processing as well as product segment. It came into existence on the year 1997-98. The Company has the manufacturing plant at Faridabad. It commenced its operations by manufacturing of Knitted garments catering to the T-Shirts segment, Dyeing, Printing and processing of Woven fabric and Dyeing & Processing of Yarn. The knitted garment unit is presently engaged in Dyeing, Printing and processing of woven fabric, Dyeing and Processing of Yarn. At present, the Company has become a multi-divisional textile unit and has the facilities for Knitting of Fabric, Processing and Dyeing of Knitted Fabric and Manufacturing of Sewing Thread also.

Shivalik Global Ltd. has positioned itself as an integrated multi product company covering the entire textile value chain i.e. starting from the Processing of Yarn to the manufacture of Readymade Garments.

The Company's vision is to prove its existence in the international market as one of the major player in the textile industry, by providing all related services in the garment manufacturing under one roof.

At present the Company exports 100% of the readymade garments manufactured by it. The Company's total income for the year 31.03.2004 was Rs. 14834.20 Lakhs with a Profit after Tax of Rs. 237.51 Lakhs and for the year ended March 31, 2005, the total income was Rs. 16554.04 Lakhs with a Profit after Tax of Rs. 608.93 Lakhs.

FACTORS AFFECTING THE FUTURE RESULTS OF OPERATIONS

- The Capacity of the Company to successfully commission the expansion project at the scheduled time;
- Company's failure to identify evolving fashion trends and create new designs or changes in consumer preferences;
- Non- availability of skilled labour force or any dispute between the labour and the management;
- Changes in Government Policies relating to Textile Sector ;
- Fluctuation in Exchange Rates; and
- Aptitude of the Company to continuously operate optimally.

ANALYSIS ON RESULTS OF OPERATIONS
(Rs. In Lakhs)

Particulars	For the Financial year ended March 31,				Period ended June 30, 2005
	2002	2003	2004	2005	
Net Operational Income	10868.80	12338.94	14597.80	16441.52	13114.94
Raw Material Consumed	7441.27	8141.90	10521.74	11989.91	8834.09
Net Cost of Raw Material	7079.15	8192.70	10245.47	10891.94	8467.64
Manufacturing Expenses*	1872.92	1878.53	1931.68	2189.71	1912.09
Gross Profit (A-B)	1933.12	2275.77	2423.81	3374.32	2742.26
Employee Cost	364.68	370.47	470.64	579.02	446.96
Administrative Expenses	69.05	85.21	69.17	96.04	67.88
Selling & Distribution Expenses	201.91	239.62	282.76	441.58	355.97
Depreciation	463.42	567.20	633.79	656.69	471.77
Operating Profit	834.06	1013.27	967.45	1600.99	1399.68
Interest	436.85	608.03	605.24	827.37	603.90
Profit Before Tax	396.86	404.89	361.86	773.27	795.52
Provision for Tax					
- Current Tax	35.00	40.00	42.00	72.00	175.00
- Deferred Tax	-	101.46	82.35	92.35	48.16
- Fringe Benefit Tax	-	-	-	-	3.25
Profit after Tax for the current year (PAT)	361.86	263.43	237.51	608.92	569.11
Less/(Add) Tax Paid/Provision					
Written Back for earlier Year	-	(0.29)	-	-	-
Net Profit Before Prior Period Items	361.86	263.72	237.51	608.92	569.11
Prior Period Items	-	-	-	-	-
Net Profit as per Audited Financial Statements	361.86	263.72	237.51	608.92	569.11

* **Manufacturing Expenses consists of stores consumed, Power & Fuel and other manufacturing expenses.**

COMPARISON OF FY ENDED MARCH 31, 2003 WITH FY ENDED MARCH 31, 2002

During this year viz. FY 2003, company had increased its capacities of yarn processing facility from 450 MT to 825 MT and knitted fabric processing facility from 2000 MT to 3000 MT. Also, the company has introduced the facility for the knitting fabric with the capacity of 1150 MT to meet the knitted fabric demand of its readymade garment-manufacturing unit.

Operational Income

The Operational Income (net of excise duty) for the year ended March 31, 2002 was 10868.80 Lakhs as against Rs. 12338.94 Lakhs for the year ended on March 31, 2004, reflecting an increase of 13.53%. The growth was due to the enhancement of the capacities of yarn processing and dyeing & processing of knitted fabric, which had led to the increase in revenues.

Raw Material

The raw materials Consumption increased by 15.73% in absolute term in comparison to previous year (from Rs. 7079 Lakhs in FY 2002 to Rs. 8192.70 Lakhs in FY 2003) on account of increase in capacities of two of the Company's facilities. As a percentage of Operational Income it has increased from 65.13% in the FY 2002 to 66.40% in the FY 2003.

Manufacturing Expenses

The manufacturing expenses have increased from Rs. 1872.92 Lakhs in FY 2002 to Rs. 1878.53 Lakhs in the FY 2003 recording an increase of 0.30%. The rise in the manufacturing cost is mainly attributable to the increase in the cost of Power and Fuel to the extent of 40.22% as compared to the previous year. However, as a percentage of

operational income manufacturing expenses has shown a decline from 17.23% in the FY 2002 to 15.22% in the FY 2003 due to decrease in Job work charges from Rs.668.37 lakhs to Rs.355.12 lakhs because of low volume of outsourcing of facilities like Embroidery etc.

Employee Cost

The employee's cost increased marginally by 1.58% in comparison to the previous year, due to increase in capacities of Dyeing & Processing of Yarn, Dyeing & Processing of Knitted Fabric and Knitting of Fabrics and increment awarded to employees.

Administrative Expenses

Administrative Expenses increased by 23.47% in absolute term in comparison to previous year on account of increase in insurance, travel and conveyance expenses. However, as a percentage of total income it increased marginally from 0.63% in FY 2002 to 0.69% in the FY 2003.

Selling & Distribution Expenses

Selling & Distribution expenses increased by 18.68% in absolute term, in comparison to previous year, on account of increase in freight & overseas charges. However, as a percentage of total income it had shown a moderate increase from 1.85% in the FY 2002 to 1.94% in the FY 2003.

Depreciation

Depreciation increased by 22.39% from Rs 463.42 Lakhs in 2001-2002 to Rs. 567.20 Lakhs in 2002-2003. During the year, the Company increased capacities in terms of machinery & building, furniture and fixtures etc. by Rs. 1174.30 Lakhs thus increasing depreciation.

Profits

Operating Profits increased by 21.49% from Rs. 834.06 Lakhs in the FY 2002 to Rs. 1013.27 Lakhs in 2003. The increase in operating profits is mainly due to increase in turnover resulted from increased capacities of Dyed & Processed Yarn, Dyed & Processed Knitted Fabric and Knitted Fabrics.

Interest Charges

Interest Expense comprising of interest for working capital and interest on term loans, has increased by 39.18% due to increase in Term Loan for enhancement of capacity and enhancement of working capital limits.

Income Tax

Provision for tax is 35.00 Lakhs in FY 2002 and Rs.141.46 Lakhs in 2003. Tax liability has been increased in 2003 mainly because of provision of deferred tax liability.

Profit after Tax (PAT)

PAT decreased by 27.12% from Rs. 361.86 Lakhs in FY 2002 to Rs. 263.72 Lakhs in FY 2003. As a percentage of total income also it had reflected downtrend from 3.32% in 2002 to 2.14% in 2003. This was on account of higher depreciation, deferred tax and current tax.

COMPARISON OF FY ENDED MARCH 31, 2004 WITH FY ENDED MARCH 31, 2003

The Company had further increased its capacities of yarn processing facility and knitted fabric processing facility by 575 MT and 1000 MT respectively during the FY ended March 31, 2004.

Operational Income

The Operational Income (net of excise duty) recorded an increase of 13.53% with Rs. 14597.80 Lakhs for the year ended on March 31, 2004 as against Rs. 12338.94 Lakhs for the year ended March 31, 2003. This is attributable to the increased capacities.

Raw Material

The Consumption of raw material increased by 25.06% in comparison to previous year on account of increase in capacities. Also, as a percentage of operational income it has increased from 66.40% in 2003 to 70.19% in 2004 due to unusual increase in prices of cotton yarn and fabric.

Manufacturing Expenses

The manufacturing expenses increased from Rs. 1878.53 Lakhs in FY 2003 to Rs. 1931.68 Lakhs in the FY 2004 recording an increase of 2.75%. The rise in the manufacturing cost is mainly attributable to the increase in the cost of Power and Fuel to the extent of 2.61% as compared to the previous year, which was due to the hike in the prices of the power and fuel and increase in Job work and packing and forward charges by 7.01%. The manufacturing

expenses as a percentage of operational income has shown a decline from 15.22% in the FY 2003 to 13.23% in the FY 2004 due to increased capacity utilization.

Employee Cost

The employee's cost increased radically from Rs. 370.47 Lakhs in the FY 2003 to Rs. 470.64 Lakhs in the FY 2004 reflecting an increase of 27.09%. The cost was increased due to increase in capacity of Dyeing & Processing of Yarn and increment awarded to employees of the company.

Administrative Expenses

Administrative expenses were Rs. 85.21 Lakhs and Rs. 69.17 Lakhs in the FYs 2003 and 2004 respectively. It had decreased by 18.82% in comparison to previous year on account of saving under the head traveling and conveyance. It has also shown a decline, as a percentage of total income, from 0.69% in the FY 2003 to 0.47% in the FY 2004.

Selling & Distribution Expenses

Selling & Distribution expenses increased by 18.00% in comparison to previous year on account of increase in expenses under the head testing charges and freight overseas charges. However, in term of percentage of the total income, it had remained constant due to increase in volume of production.

Depreciation

Depreciation increased by 11.74% to Rs 633.79 Lakhs in the FY 2004 from Rs. 567.20 Lakhs in the FY 2003. During the year, the Company increased capacities in terms of machinery & building, thus increasing depreciation.

Operating Profits

Operating Profits had shown a downtrend by 4.52% from Rs. 1013.27 Lakhs in 2003 to Rs. 967.45 Lakhs in 2004. The decrease is attributable to increase in raw material cost due to hike in prices of cotton yarn and fabric and increase in employees cost.

Interest Expense

Interest expense comprising of interest for working capital and interest on term loans has decreased marginally by 0.46% from Rs. 608.03 lakhs in the FY 2003 to Rs. 605.24 Lakhs in the FY 2004, due to decrease in Term Loans.

Income Tax

Provision for tax was Rs. 124.35 Lakhs in the FY 2004 and Rs. 141.46 Lakhs in the FY 2003. Lower provision of tax is due to deduction available under section 80 HHC.

Profit after Tax (PAT)

PAT decreased by 9.94% from Rs. 263.72 Lakhs in FY 2003 to Rs. 237.51 Lakhs in FY 2004 mainly on account of higher depreciation cost and raw material cost.

COMPARISON OF FY ENDED MARCH 31, 2005 WITH FY ENDED MARCH 31, 2004

Operational Income

The Operational Income (net of excise duty) recorded an increase of 12.63 % with Rs. 16441.52 Lakhs for the year ended on March 31, 2005 as against Rs. 14597.80 Lakhs for the year ended March 31, 2004, due to increase in capacity utilization.

Raw Material

The cost of raw material increased by 6.30 % in comparison to previous year on account of increase in consumption of raw material due to increase in sales. However, as a percentage of total income it decreased from 70.19% to 66.24% because of decrease in prices of cotton yarn.

Manufacturing Expenses

The manufacturing expenses increased from Rs. 1931.68 Lakhs in FY 2004 to Rs. 2189.71 Lakhs in the FY 2005 recording an increase of 13.35%. The rise in the manufacturing cost is mainly attributable to the increase in Power and fuel costs to the extent of 2.74% compared to the previous year and other manufacturing expenses consisting job work charges and packing & forwarding charges by 33.34%. The manufacturing expenses as a percentage of operational income has shown a marginal increase from 13.23% in the FY 2004 to 13.31% in the FY 2005 due to high volume of outsourcing of Embroidery etc.

Employee Cost

The employee's cost increased radically from Rs. 470.64 Lakhs in the FY 2004 to Rs. 579.02 Lakhs in the FY 2005 reflecting an increase of 23.02% due to increase in capacity utilization. However, as a percentage of total income it increased marginally from 3.11% to 3.28% mainly because of increment awarded during the year.

Administrative Expenses

Administrative expenses were Rs. 69.17 Lakhs and Rs. 96.04 Lakhs in the FYs 2004 and 2005 respectively. It had increased by 38.84% in comparison to previous year on account of increase in travel and conveyance expenses and repair & maintenance charges for Administrative building. However, as a percentage of total income it increased marginally from 0.46% to 0.54% because of increase in traveling expenses from 81.21 lakhs in FY 2004 to 88.63 Lakhs in FY 2005.

Selling & Distribution Expenses

Selling & Distribution expenses increased drastically by 56.16% in absolute term in comparison to previous year on account of Increase in freight overseas charges and sales promotion expenses. However, as a percentage of total income it increased marginally from 1.87% to 2.50%.

Depreciation

Depreciation increased by 3.61% to Rs 656.69 Lakhs in the FY 2005 from Rs. 633.79 Lakhs in the FY 2004, mainly due to increase in Fixed Assets.

Operating Profits

Operating Profits had shown an increase of 65.48% from Rs. 967.45 Lakhs in 2004 to Rs. 1600.99 Lakhs in 2005. The increase is attributable mainly to low cotton prices resulting in savings in Raw Material cost & growth in Export sales.

Interest Expense

Interest expense comprising of interest for working capital and interest on term loans has increased by 36.70% from Rs. 605.24 Lakhs in the FY 2004 to Rs. 827.37 Lakhs in the FY 2005, due to enhancement of working capital limits.

Income Tax

Provision for tax was Rs. 164.35 Lakhs in the FY 2005 and Rs. 124.35 Lakhs in the FY 2004. Tax liability has increased in 2005 mainly because of increase in profitability and withdrawal of export benefit exemption under 80 HHC.

Profit after Tax (PAT)

PAT increased by 1.56 times from Rs. 237.51 Lakhs in FY 2004 to Rs. 608.92 Lakhs in FY 2005 mainly on account of better utilization of capacity and increase in export sales from Rs. 1646.26 Lakhs in FY 2004 to Rs. 2435.01 Lakhs in FY 2005.

COMPARISON OF THE PERIOD ENDED DECEMBER 31, 2005 WITH FY ENDED MARCH 31, 2005**Operational Income**

The Operational Income (net of excise duty) for the period ended December 31, 2005 was Rs. 13114.94 lakhs in comparison to Rs. 16441.52 lakhs during F.Y. 2004-05.

Total Expenditure

The total expenditure for the period ended December, 2005 was Rs. 10379.73 lakhs in comparison to Rs. 13081.65 lakhs during F.Y. 2004-05. Raw Materials cost was Rs. 8467.64 lakhs for the period ended December, 2005 as against Rs. 10891.94 lakhs during F.Y. 2004-05.

Operating Profits

Operating Profits for the period ended December, 2005 were Rs. 1399.68 lakhs as against Rs. 1600.99 lakhs during F.Y. 2004-05.

Interest Expense

Interest expense were Rs. 603.90 lakhs for the period ended December 31, 2005 as against Rs. 827.37 lakhs during F.Y. 2004-05.

Profit after Tax (PAT)

PAT was Rs. 569.11 lakhs for the period ended December 31, 2005 as against Rs. 608.92 lakhs during F.Y. 2004-05.

Other Matters

Unusual or infrequent events or transactions

To the best of our knowledge, save as described elsewhere in this Prospectus, particularly in “Management Discussion and Analysis of Financial Condition and Results of Operations “, there are no unusual or infrequent events or transactions that has significantly affected the business of the Company.

Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected company's operations or are likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled “Risk Factors” on page no. iii and in “Management Discussion and Analysis of Financial Condition and Results of Operations” in this Prospectus, to Company's knowledge.

Future changes in relationship between costs and revenues

The Company reasonably does not foresee any factor that may have a material adverse impact on the operation and finances of the Company except factors elsewhere dealt with in this Prospectus.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

Total turnover of each major industry segment in which the Company operated

The Company operates in only one Industry Segment – Textile Industry.

Status of any publicly announced New Products or Business Segment

The Company has not announced any new products or business segment and is inclined to focus and expand on its existing line of operations only.

Seasonality of Business

The range of products of the Company changes according to the seasons therefore the business of the Company is seasonal to that extent.

Dependence on a single or few suppliers or customers

The customer and supplier base is reasonably well spread in the business activities carried on by the Company. The direct exports of the Company accounts for 20% of the total sales of the Company, which is dependent on its top five customers and the sales to the single largest customer constituted 39.61% of the total sales from Direct Exports for the FY ending as on March 31, 2005, which is 0.08% of the total sales and is not likely to affect the profitability of the Company to that extent.

Competitive conditions

The company's product is meant for apparel export either direct or indirectly through garment exporters. Hence, the company foresees competition in the quota free regime with the country like Bangladesh, China, Pakistan, Srilanka etc. These countries have advantageous position in regards to cost efficiency because of the low labour costs. The company proposes to meet this competition by full use of machines and manpower simultaneously by adding value added product for touching the upper medium as well as higher segment of the society. 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 garment manufacturing.

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

CASES AGAINST THE COMPANY

A. Civil Cases

1. ADC Dyestuff vs. Shivalik Global Ltd. (Summary suit no. 2335/2005)

The Company has received summons dated 26th December 2005 from the Ahmedabad City Civil Court at Ahmedabad in the above matter. The plaintiff has claimed an amount of Rs. 8,10,000/- from the Company as amount due towards supply for goods.

M/s Shivalik Global Ltd. has filed an application for stay of the said suit in the Court arguing that matter under the suit is already sub-judice in an earlier suit filed by Shivalik Global Ltd. against the said claimant in the Court of Civil Judge, Faridabad. The matter is still pending.

2. Atlas Dyechem (India) Pvt. Ltd. vs. Shivalik Global Ltd. (Summary suit no. 2336/2005)

The Company has received summons dated 26th December 2005 from the Ahmedabad City Civil Court at Ahmedabad in the above matter. The plaintiff has claimed an amount of Rs. 31,79,746/- from the Company as amount due towards supply of goods.

M/s Shivalik Global Ltd. has filed an application for stay of the said suit in the Court arguing that matter under the suit is already sub-judice in an earlier suit filed by Shivalik Global Ltd. against the said claimant in the Court of Civil Judge, Faridabad. The matter is pending before the Court.

B. Income Tax Cases

1. Commissioner of Income Tax vs. Shivalik Global Ltd. (Appeal No./DEL/2004 Assessment Year 2001-2002)

The Income Tax Department has filed an appeal dated 2/2/2005 in the High Court of Delhi against the order dated 3/11/2004 issued by ITAT reversing the order dated February 16, 2004 of the Commissioner of Income Tax (Appeals) wherein the deduction under Section 80HHC of the Income Tax Act, 1961 has been allowed to the Company amounting to Rs. 1,23,68,138/- in respect of F.Y. 2001-02. The appeal is pending for further orders and the amount claimed by the Department is Rs. 26,72,030/-.

C. Excise Cases

1. Department of Central Excise vs. Shivalik Global Ltd.

On the basis of inspection of Company's factory in the year 2001, Central Excise officials alleged the Company of short payment of duty on some material and sent additional duty demand of Rs. 1,11,342/-. The company without entering into any dispute voluntarily deposited the same on 19.10.2001. Thereafter a Show Cause Notice was received from Excise Authority dated 17.02.2002 regarding appropriation of this duty as well as imposing a penalty. The Company appealed against the Notice before the Customs Excise & Service Tax Appellate Tribunal, New Delhi vide appeal No. E/1374/04-NB(5). The matter came up before the Hon'ble Member of the Tribunal, Shri K.C. Mam Jain, on 15.12.2004, who waived the penalty vide its order no. 1832/04/NB dated 15.12.2004. The Department has now gone into appeal in the High Court.

D. Labour Cases

Five (5) cases have been filed against the company under section 25 F/25N of Industrial Disputes Act, 1947 by its ex-employees alleging illegal termination and demanding reinstatement of services and payment of back wages. The hearings are scheduled to come up in next year before various authorities viz. Industrial Trial and Labour Court

–I, Faridabad, Labour and Industrial Tribunal, Faridabad and Labour Court, Chandigarh. Total amount involved in all these cases is Rs. 5,76,982/-approximately.

Total amount involved in all these labour cases is Rs. 5,76,982/- approximately. However, this amount can be varied subject to the final order of the Labour Court. This amount is calculated upto the period of 30.6.2005. However, the Company has not shown the liability, which may arise, in these Labour Cases as a contingency or provision in its Balance Sheet as on 31.12.2005.

E. Legal Notices

1. Notice received from M/s ADC Dyestuff under sec. 433 read with sec. 434 of the Companies Act, 1956

The claimant has sent a legal demand notice under section 433 read with 434 of the Companies Act, 1956 to Shivalik Global Limited on 20th October 2005, claiming an amount of Rs. 12,18,027/- along with interest @18% per annum for the supply of goods.

In response to the notice, Shivalik Global Ltd. has sent replies to the aforesaid notice on 9th November 2005, 11th November 2005, 17th November 2005 and 22nd November 2005 stating that instead of any outstanding dues to the claimant, the Company has a claim of Rs. 80,394/- which is due from the said claimant.

2. Notice received from M/s Atlas Dyechem (India) Pvt. Ltd. under sec. 433 read with sec. 434 of the Companies Act, 1956

The claimant has sent a legal demand notice under section 433 read with 434 of the Companies Act, 1956 to Shivalik Global Limited on 20th October 2005, claiming an amount of Rs. 31,37,463/- along with interest @18% per annum for the supply of goods.

In response to the notice, Shivalik Global Ltd. has sent replies to the aforesaid notice on 9th November 2005, 11th November 2005, 17th November 2005 and 22nd November 2005 stating that instead of any outstanding dues to the claimant, the Company has a claim of Rs. 1,24,613/- which is outstanding against the said claimant.

3. Notice received from M/s Shivacid (India) Pvt. Ltd. under sec. 433 read with sec. 434 of the Companies Act, 1956

M/s Shivacid (India) Pvt. Ltd. has sent a Legal demand notice under section 433 read with 434 of the Companies Act, 1956 to Shivalik Global limited on 25.10.2005, claiming an amount of Rs. 25,11,656/- along with interest @18% per annum for the supply of goods.

In response to the notice, Shivalik Global Ltd. has sent replies to the aforesaid notice on 9th November 2005, 11th November 2005 and 17th November 2005 stating that instead of any outstanding dues to the claimant, the Company has a claim of Rs. 91,859/- alongwith interest which is outstanding against M/s Shivaacid (India) Pvt. Ltd. As per information available on the website of the Delhi High Court a case of winding up has been listed in the court in this matter, but we not received any formal notice till date in this regard.

4. Notice received from M/s Roselabs Ltd. under sec. 433 read with sec. 434 of the Companies Act, 1956

M/s Roselabs Ltd. has sent a legal demand notice under section 433 read with 434 of the Companies Act, 1956 to Shivalik Global limited on 25.10.2005, claiming an amount of Rs. 9,28,065/- along with interest @18% per annum for the supply of goods.

In response to the notice, Shivalik Global Ltd. has sent replies to the aforesaid notice on 9th November 2005, 11th November 2005, 17th November 2005 and 22nd November 2005 stating that instead of any outstanding dues to the claimant, the Company has a claim of Rs. 1,71,378/- along with interest which is outstanding against the said claimant. As per information available on the website of the Delhi High Court a case of winding up has been listed in the court in this matter, but we not received any formal notice till date in this regard.

5. Notice received from M/s Roselabs Ltd. under section 138 read with section 142 of the Negotiable Instrument Act, 1881

M/s Roselabs Ltd. has sent a legal notice through their advocate, dated December 9, 2005 to Shivalik Global Ltd. for a bounced cheque issued by Shivalik Global Ltd. on June 08th, 2005, to the said claimant for an amount of Rs. 1,00,000/- towards payment of supplied goods. The cheque was presented on November 22nd, 2005. The claimant claimed the amount of Rs. 1,00,000/- alongwith Rs. 1,500/- towards notice charges & expenses.

Shivalik Global Ltd. sent reply of the aforesaid Notice vide letter dated 21.12.2005 through its Advocate and stated that an amount of Rs 1,71,378/- is outstanding against Roselabs Ltd. for which a civil suit has been filed against

Roselabs Ltd. by the Company in the court of Sh. Rajesh Sharma, Civil Judge, Faridabad.

Further, Shivalik Global Ltd. sent a Demand Draft of Rs. 1,01,500/- in favour of Roselabs Ltd. for settlement of issue.

6. Litigation against the company where no notice has been received

As per information available on the website of Delhi High Court the following cases have been filed against the Company and listed before the High Court. We have not received any notice/information in this regard till date:

- i. CP-21/2006 : M/s. Roselabs Ltd. V/s Shivalik Global Limited
- ii. CP-22/2006: M/s. Shivaacid India (P) Ltd. V/s Shivalik Global Limited

CASES FILED BY THE COMPANY

A. CIVIL CASES

1. Shivalik Global Ltd. vs. Shivacid (India) Pvt. Ltd.

Shivalik Global Ltd. has filed a recovery suit against Shivacid (India) Pvt. Ltd. in the Court of Hon'ble Civil Judge, Faridabad on 10th November 2005. The Company has claimed an amount of Rs. 91,859/- from Shivacid (India) Pvt. Ltd. The date fixed for hearing is April 19, 2006.

2. Shivalik Global Ltd. vs. Roselabs Ltd.

Shivalik Global Ltd. has filed a recovery suit against M/s Roselabs Ltd. in the Court of Hon'ble Civil Judge, Faridabad on 10th November 2005. The Company has claimed an amount of Rs. 1,71,378/- from Roselabs Ltd. The date fixed for hearing is March 13, 2006.

3. Shivalik Global Ltd. vs. ADC Dyestuff

Shivalik Global Ltd. has filed a recovery suit against M/s ADC Dyestuff in the Court of Hon'ble Civil Judge, Faridabad on 10th November 2005. The Company has claimed an amount of Rs. 80,394/- from the Defendant Company. The date fixed for hearing is March 20, 2006.

4. Shivalik Global Ltd. vs. Atlas Dyechem (India) Pvt. Ltd.

Shivalik Global Ltd. has filed a recovery suit against M/s Atlas Dyechem in the Court of Hon'ble Civil Judge, Faridabad on 10th November 2005. The Company has claimed an amount of Rs. 1,24,613/- from the Defendant Company. The date fixed for hearing is April 03, 2006.

B. CRIMINAL CASES

1. Shivalik Global Ltd. v/s. GNB Brothers Private Limited [Case No. 44/2]

The Company has filed a complaint against GNB Brothers Private Limited before Judicial Magistrate First Class, Faridabad under section 138 of Negotiable Instrument Act for dishonour of a cheque for a sum of Rs.1,66,592/- issued towards discharge of liability to the company in relation to the completion of job work of printing and dyeing the fabrics. At present this case is with AJM, Faridabad and next date of hearing is April 29, 2006 .

2. Shivalik Global Ltd. v/s. Nilesh Export, [Case No. 354/2001]

The Company filed the complaint before Judicial Magistrate First Class, Faridabad under section 138 of Negotiable Instrument Act for bouncing back of a cheque for a sum of Rs. 97076/- due to insufficiency of funds issued towards completion of job work of woven dyeing and processing assigned to company. The matter is at the stage of evidence and next date of hearing is March 16, 2006 .

3. Shivalik Global Ltd. v/s. Right Channel Resources [Case No.-227/2004]

This case was filed against Right Channel Resources before Judicial Magistrate First Class, Faridabad under section 138 of Negotiable Instrument Act for dishonour of cheque amounting to Rs. 32,254/-, which was issued for completion of job work of dyeing and printing of fabrics. Presently, summons have been issued to accused company and the next date of hearing is April 06, 2006.

4. Shivalik Global Ltd. vs. Richa Knits (P) Ltd [Case No.925/2004]

The company has filed the case against Richa Knits (P) Ltd in the court of Civil Judge, Faridabad for recovering of Rs. 91496/- for yarn dyeing. The case is at the stage of evidence of applicant and next date of the hearing is February 24, 2006.

5. Shivalik Global Ltd. v/s JM Enterprises, [Case No. - 320/2001]

The company has filed the complaint against J.M. Enterprises in Judicial Magistrate First Class, Faridabad under section 138 of Negotiable Instrument Act for dishonour of cheque for Rs. 2,00,000/- issued to the company for completion of job work of printing and dyeing. At present, the matter is at the stage of issuing summons to accused

and next date of hearing August 02, 2006.

6. Shivalik Global Ltd. v/s Elegance Fabrics (P) Ltd. [Cases No. 925/21-06-2004, 926/21-06-2004, 1176/05-08-2004, 1177/05-08-2004, 506/2004, 924/24-06-2004 and 1051/2]

Seven cases have been filed by the company against Elegance Fabrics (P) Ltd., four with Judicial Magistrate First Class, Faridabad, two with Chief Judicial Magistrate, Faridabad and one with Judicial Magistrate, Faridabad, under Section 138 of Negotiable Instrument Act for bouncing of 7 cheques aggregating to Rs. 14,74,000/- issued to the company for completion of job work of dyeing the fabrics.

The bailable warrants have been issued to the respondents in some of these cases and all these cases are still pending. The next dates of hearing in these cases are March 24, 2006, May 08, 2006, August 02, 2006, .

7. Shivalik Global Ltd. v/s Basic Body Line [Case No. 345/11-06-2003]

The company has filed a complaint against Basic Body Line in Judicial Magistrate First Class, Faridabad under Section 138 of Negotiable Instrument Act for dishonour of cheques amounting to Rs. 1,44,458/- issued for completion of job work of hosiery dyeing. At present, the matter is at the stage of argument fixed for November 16, 2006.

8. Shivalik Global Ltd. vs. Keep In Touch Clothing (Private) Ltd. [Case No. 173/18-05-2002]

This case has been filed by the company against Keep In Touch Clothing (Private) Ltd. with Judicial Magistrate First Class, Faridabad under Section 138 of Negotiable Instrument Act for dishonour of cheques amounting to Rs. 4,00,294/- issued for completion of job work of printing and dyeing of fabrics. The matter is at the stage of evidence and the next date of hearing is fixed for August 03, 2006.

9. Shivalik Global Ltd. v/s M/s G & J Apparels, (Case No. 254/_)

This case has been filed by the company against G & J Apparels with Judicial Magistrate First Class, Faridabad under Section 138 of Negotiable Instrument Act for bouncing back of a cheque for a sum of Rs. 1,13,508/- issued to the company for purchase of sewing threads for the company. The bailable warrants have been issued to the accused and next date of hearing is on March 06, 2006.

10. Shivalik Global Ltd. v/s Rama Collors Ltd. [Case No. 321/26-04-2001]

The company has been filed a complaint against Rama Collors with Judicial Magistrate First Class, Faridabad for Rs. 35,000/- under Section 138 of Negotiable Instrument Act for bouncing back of a cheque issued to the company for completion of job work of printing and dyeing. The summons were issued to the accused company date of hearing was December 07, 2005.

In the meantime, the M/s Shivalik Global Ltd. has settled the dispute with Rama Collors Ltd. and the due payment has been received. The Company has also withdrawn the suit from the Court on 30th January 2006.

11. Shivalik Global Ltd. v/s Eagle Fashion, [Case No. 253/2002]

The company has filed the complaint against Eagle Fashion with the Judicial Magistrate First Class, Faridabad on January 09, 2004 under section 138 of Negotiable Instrument Act for bouncing back of a cheque amounting to Rs. 50,000/- issued to the company for purchase of sewing thread and dyeing yarn. Now, this case is pending with JM, Faridabad, bailable warrants have been issued to the accused and the next date of hearing has been fixed as March 13, 2006.

12. Shivalik Global Ltd. v/s Ambika Prints, [Case No. 383/08-04-2005]

The present case has been filed by the company against Ambika Prints with Chief Judicial Magistrate, Faridabad under section 138 of Negotiable Instrument Act for bouncing back of a cheque amounting to Rs. 26014/- issued towards completion of job work of dyeing the fabrics. The matter is at the stage of admission and the next date of hearing is May 11, 2006.

13. Shivalik Global Ltd. v/s Rishab Traders [Case No. 384/08-04-2005]

The present case has been filed by the company against Rishab Traders with Chief Judicial Magistrate, Faridabad for Rs. 20,000/- for bouncing back of a cheque issued to the company for sale of thread and completion of job work of dyeing fabric. At present the matter is on the stage of admission and next date of hearing is May 11, 2006.

C. Income Tax Cases

Shivalik Global Ltd. vs. Commissioner of Income Tax (Assessment Year 2002-2003)

The Company has filed an appeal to Commissioner of Income Tax (Appeals), New Delhi on April 26, 2005 against the order of Assessing officer dated March 21, 2003. The Assessing officer, while making the assessment for the year 2002-03 had disallowed the deduction u/s 80HHC of Rs.21,49,683/- and also disallowed Rs.3,45,691/- on

account of delayed payment of Employee and Employer's payment of Provident fund and Employee State Insurance. As a result of which, income tax department has come up with a demand notice of sum of Rs.10, 76,098/-. The matter is still pending for further orders.

D. Sales Tax Cases

1. Shivalik Global Ltd. vs. State of Haryana

SHIVALIK GLOBAL LTD. has filed an appeal August 13, 2004 with the Hon'ble Sales Tax Tribunal, Chandigarh against the order dated July 28, 2003 of the Assessing Officer. The Assessing Authority under the Haryana Local Area Development Tax Act, 2000 has raised a demand for Rs. 50,93,559/- as the tax due along with the interest thereon to be paid by the Company. The Assessing officer alleges that company has failed to file the return and pay the tax under the act, thus was liable to pay the tax and Interest on it. While the Company contends that it being into textile sector, which has been exempt from the paying the tax, vide notification dated 10.05.2001, so the mentioned legislation is not applicable on them. The appeal is still pending.

2. Shivalik Global Ltd., Faridabad Vs. Excise and Taxation Officer cum Assessing Authority, Faridabad.

An appeal dated June 27, 2005 has been filed by SHIVALIK GLOBAL LTD. before Joint Excise & Taxation Commissioner (Appeals), Faridabad against the order dated February 28, 2005 issued by Excise and Taxation Officer cum Assessing Authority. In the said order, the concerned officer had initiated the proceedings under the Haryana General Sales Tax Act, 1973 and assessed the net amount due to be paid as Rs.17,86,137/-. Out of the total amount Rs.17,86,137/-, the Company is contesting for tax of Rs.11,83,820/- on account that the assessment has been done at the rate of 8% where as the rate of tax applicable on the transactions is 4% against the SLD 4 form. The appeal has been entertained and stay has been granted vide order No.227 dated August 01, 2005 and further hearing date has been fixed for February 21, 2006.

E. Excise cases

1. Shivalik Global Ltd. Vs. Commissioner of Central Excise, Faridabad

SHIVALIK GLOBAL LTD. has filed an appeal dated June 29, 2005 before Central Excise & Sales Tax Appellate Tribunal, R.K.Puram, New Delhi, against the order dated March 31, 2005 issued by the CCE denying the exemption claimed by the company under "Notification No.14/2002/CE dated 1.3.2002" Central Board of Indirect Taxes and making the company liable to pay duty of Excise amounting of Rs.79, 92,984/- along with the penalty of the same amount and interest payable on the above amount.

The matter was heard on August 24, 2005 wherein the Hon'ble Tribunal vide its order dated 24.08.2005 granted the waiver of deposit of the penalty amount involved in the appeal. The matter is pending for further order.

2. Shivalik Global Ltd. vs. Asstt. Commissioner of Central Excise Div I, Faridabad.

SHIVALIK GLOBAL LTD. has filed six appeals with Commissioner of Central Excise (Appeals), Faridabad against the orders issued by the Asstt. Commissioner of Central Excise Div I, Faridabad. The Asstt. Commissioner vide the said orders sanctioned the rebate claimed by the company against the excise duty paid by it on export of readymade knitted garments by way of credit through CENVAT Credit account maintained by the Company. SHIVALIK GLOBAL LTD. has claimed the refund of the same in cash. The total amount involved in these appeals is Rs. 3,69,148/-.

The Commissioner (Appeal) has decided the matter and disallowed the Company's claim for refund in all the six appeals. Aggrieved with the order of the Commissioner (Appeal), the Company has filed appeals in all the six matters before the Joint Secretary (Revision Application), Government of India, Ministry of Finance, Department of Revenue, HUDCO Building, 14B, Wing, 6th Floor, Bhikaji Cama Place, New Delhi. The same is pending with the authority.

F. Legal Notices

A Legal Notice of defamation has been sent by the Company to M/s Shivacid (India) Pvt. Ltd. on 23rd December 2005 by the Company through their Advocate, in respect of letter sent by M/s Shivacid (India) Ltd. to M/s Allianz Securities Ltd. and M/s Centrum Capital Ltd., Lead Managers to the Issue.

MISCELLANEOUS

1. The Additional Commissioner of Excise, Faridabad, has confirmed a demand of Rs. 7,15,317/- vide his order dated January 6th, 2006. The demand pertains to excess use of fabric in manufacturing of readymade garments. The Company has already paid the demand amount with the Authorities.

Aggrieved with the order of the Additional Commissioner of Excise, the Company is in process of filing an appeal before the Commissioner Appeals, Central Excise, Faridabad.

NON COMPLIANCE WITH VARIOUS PROVISIONS OF COMPANIES ACT, 1956

a. Non-compliance of Section 383A

Provision of the Section 383A of the Companies Act, 1956 provides that every Company having paid up share capital as has been specified (**which was Rs. 50 lakhs in year 1993 and Rs. 2 crores since June 2002**), is required to have a whole time company secretary. The Company increased its paid up share capital to Rs. 6,01,95,000 in year March 1999 and hence was under obligation to appoint a company secretary. While Company secretary was appointed in November 2003. Hence there was a non-compliance of the said section for the period of 1997-2003. The management-taking note of the same has filed an application of compounding for the said non-compliance on September 15, 2005 with ROC. The matter was heard before Mr. V.S. Wahi, Bench member, Company Law Board (CLB), Northern Region on October 21, 2005 and the same has been compounded subject to the payment of penalty of Rs. 80,000/- after which final order shall be received. The Company has already made payment of penalty and the orders have been received from Company Law Board. Therefore, the matter has been compounded now.

b. Non-compliance of Section 269

Section 269 of Companies Act, 1956, requires that every public company having paid up share capital of Rs. 5 crore or more to have a Managing Director or Whole Time Director or Manager. SHIVALIK GLOBAL LTD. increased its paid up Share Capital to Rs. 6,01,95,000 in March 1999 and hence it was under obligation to appoint Managing Director or Whole Time Director or Manager. The Company appointed Managing Director on January 2001. Hence there was a non-compliance of section 269 for the period of 1999-2001, which management took note of and thereafter for rectifying the non-compliance, the Company filed application for compounding of the same dated 15-09-2005 with ROC. The matter was heard before Mr. V.S. Wahi, Bench member, Company Law Board (CLB), Northern Region on October 21, 2005 and the same has been compounded subject to the payment of penalty of Rs. 40,000/-, after which the final order shall be received. The Company has already made payment of penalty and the orders have been received from Company Law Board. Therefore, the matter has been compounded now.

a. Non-compliance of Section 309/198

Provisions of section 309(4) provides that a director who is neither in a Whole Time Employment nor a Managing Director may be paid remuneration either by way of Monthly/Quarterly/Annual payment with the approval of Central Government or by way of Commission by Special resolution. The payment thus made should not exceed 1 % of the net profit where the Company has MD/WTD/Manager or 3% in other cases. Company has paid remuneration to Non Executive Director in excess of the limits prescribed U/s 309 and no Central Government approval has been obtained for the same. This non-compliance was intimated to the company. The Company gave reasons for such default that there was no qualified person to inform them about the legal provisions of remuneration to directors Now, in order to rectify the default, the company has obtained cheques refunding the excess amount of remuneration from the directors and the cheques have been deposited with the bank and the bank has honoured the same.

b. Non-compliance of Section 215

Provisions of section 215 (1) (ii) requires Balance Sheet & Profit & Loss A/c of the company to be signed on behalf of the Board, by not less than two Director of the Company, one of whom shall be Managing Director where there is one and by Manager or Secretary, if any. The company appointed a Company Secretary in November 2003. However, the Company Secretary of the Company has not signed balance sheet for the year 2004.

LITIGATIONS AGAINST GROUP COMPANIES:

Ruchi India Limited

Show Cause Notice dated June 30, 2005 was issued against **Ruchi India Limited**, by the Employees' State Insurance Corporation in relation to the non-payment of contribution and non-filing of ESI Returns from January 2004 to March 2005. The amount payable under said notice is Rs.1,29,183/-. The date of hearing provided to the company was August 03, 2005 but the Company has till date taken no action.

Significant Developments after December 31, 2005 that may affect the future results of operations

No circumstances have arisen since the date of the last financial statement until the date of filing of this Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of the Company, or value of its assets, or its ability to pay its liability within next twelve months except that State Bank of Indore, Connaught Place, New Delhi branch has sanctioned corporate loan of Rs. 500 lakhs for a period of one year against residual charge on current assets and fixed assets of the company, pledge of 20,00,000 equity shares held by Promoters, personal guarantee of Shri J.P. Aggarwal, Chairman of the Company and post-dated cheques of principal and interest.

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 the Company.

GOVERNMENT APPROVALS /CONSENTS/ LICENSING ARRANGEMENTS

The Company does not require any letter of intent or industrial license from the GoI for carrying out its current operations or those proposed in this Prospectus. The Company does not require any permission or approval from the GoI and various GoI agencies for proceeding with the proposed capital expenditure from the proceeds of the Issue except those mentioned in this Prospectus. The Company does not require any further approval from any GoI 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 GoI and various GoI agencies / private certification bodies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of the Company except as mentioned herein. It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the GoI does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

I. GENERAL STATUTORY LICENSES

1. Certificate of Incorporation issued by Registrar of Companies, NCT of Delhi Haryana bearing Number 55-88667 of 1997-98 dated July 22, 1997.
2. Certificate for Commencement of Business issued by Register of companies, NCT of Delhi & Haryana, dated August 08, 1997.
3. Permanent Account No. Card was issued by Commissioner of Income Tax (New Delhi) bearing number AABCS7835F. The said account number is valid as long as it is revoked.
4. Tax deduction account number (TAN) under the Income Tax Act, 1961 issued by the Income tax Department, New Delhi; bearing number RTKS05322C issued on May 08, 2004. The said account is valid as long as it is revoked.
5. Industrial License No. CIL: 79 (1999) under the Industrial Development Regulation Act, 1951 for the manufacture of knitted fabrics, knitwear, readymade garments and made-up falling under Scheduled Industry No. 23 issued by Secretariat for Industrial Assistance dated December 21, 1999. The said license is subject to condition that 50% of the annual production shall be exported. A certificate of the statutory auditors certifies that SGL has been complying with the said obligation.
6. Certificate of Importer – Exporter Code (IEC) from Directorate General Foreign Trade Office, New Delhi, bearing number 0598024077. The number was originally issued on August 06, 1998 and has been amended recently on 5th October 2005 due to change in registered office.
7. Registration issued to hire Contract Labour u/s 7 of the Contract Labour (Regulation and Abolition) Act, 1970 by the Office of the Labour Commissioner Haryana bearing number RCD-95/FBD/CID-12/RSN-276 on April 30, 2003. As intimated by the Company, the registration has been renewed on April 12, 2005 and is valid till 31st December 2005.

II. REGISTRATIONS/LICENCES SPECIFIC TO APPAREL EXPORTS

1. SGL obtained registration from the Textile Committee, Government of India, Ministry of Textile, Registration No. DEK-04582 dated February 15, 1999. The above registration expired on February 14, 2004. The said registration has been renewed vide letter dated March 01, 2005, which is valid upto February 14, 2006.
2. SGL was accorded the status of Export House in accordance with the Exim policy by Additional Export Commissioner/Joint Director General of Foreign Trade. The Registration number accorded was 013014 dated December 21, 2001. The registration was valid till March 31, 2004. SGL has made an application for the on. The application for the renewal of Export House certificate has been filed on October 04, 2005 but the renewal has not been received.
3. SGL obtained Registration cum Membership number from Apparel Export Promotion Council as a Manufacturer Exporter. The Registration Number is AEPC/ REG/ 43488/MFG issued on May 29, 2004 and the same is valid upto March 31, 2009.
4. SGL obtained registration from the Cotton Textiles Export Promotion Council as the Merchant Exporter of Cotton Mill made Piece Goods/Cotton Madeups. The Registration number XP/XM/22170 (98)-S obtained on August 06, 2005 and is valid up to March 31, 2010.

III. LICENCES UNDER THE FACTORIES ACT, 1948

1. Factory license for factory situated at Shivalik Global Limited, 12/6, Mile Stone, Mathura Road, Sarai Khawaja, Faridabad, Haryana to run factories under section 4 and section 7 of the Factories Act, 1948 was issued by Government of Haryana, Industrial safety and Health Department bearing serial number 6368 and registration number FBD/8/738/1064. The aforesaid license is renewed every year. The registration of present license was valid till December 31, 2004. The application for the renewal for the years 2005 and 2006 have been filed on November 24, 2004 and November 22, 2005 but the renewal has not been received.
2. Registration under the Indian Boilers Act, 1923, for the boiler, bearing maker mark no. FP.150/11/5 had been obtained from Chief Inspector of Boilers, Harayana, Chandigarh vide letter dated May 01, 2001 as Registration No. HA-946. The same has been renewed periodically, last being through the certificate of the Chief Inspector of boilers, Haryana; Chandigarh dated December 15, 2004. The latest provisional order has already expired and as intimated by Company, no registration or renewal has been received till date.
3. Registration under the Indian Boilers Act, 1923, for boiler, bearing maker mark no. MTFH –120-A/16 has been obtained from Chief Inspector of Boilers, Harayana, Chandigarh vide letter dated December 17, 2004 as Registration No. HA-1117. The latest provisional order has already expired and as intimated by Company, no registration or renewal has been received till date.

IV. REGISTRATIONS UNDER CENTRAL AND LOCAL SALES TAX

1. Registration under the Haryana General Sales Tax Act, 1973 by the Government of Haryana, Sales Tax Department (Haryana). The registration number FBD/HGST/ 1212860 was issued on September 07, 1998. Registration was valid from August 18, 1998 till March 31, 2003. Thereafter the Company has registered itself under Haryana Value Added Tax Act, 2003 and the TIN Number allotted to SGL is 06411212860 w.e.f. 1st April 2003.
2. Registration under the Section 7(1) and 7(2) of the Central Sales Tax Act, 1956 by Central Sales Tax Office, Haryana. The registration number FBD/ CST/ 1212860 was issued on August 18, 1998. Registration is valid as long as it is revoked.

V. REGISTRATIONS FOR EMPLOYEES BENEFIT

1. The Regional Provident Fund Commissioner, Haryana, Faridabad issued registration under the Employees Provident Funds and Miscellaneous Provisions Act, 1952, bearing code number HR/FD/9369/5079 dated 11th December 1997. The said registration was obtained for SPL INDUSTRIES LTD. As the factory land had been purchased by SGL from SPL Industries Ltd., the same has been renewed in the name of SGL. The Report of local Insurance Inspector dated March 11, 1999 recognizes the same and has agreed that company be allowed to use the same code i.e. HR/FD/9369. The same is valid as long as it is revoked.
2. The registration of employees and factories/establishment under section 2(12)/1(5) of the Employees' State Insurance Act, 1948 was allocated vide Code number 13/18061/1999 by the Regional Office Employees' State Insurance Corporation, Faridabad. The above code was originally allotted to SPL Industries Ltd. As the factory land had been purchased from SPL Industries Ltd., the same has been renewed in the name of SGL. The Report of local Insurance Inspector dated June 25, 1999 recognizes the same and has agreed that company is allowed to use the same code i.e. 13/18061/1999.

VI. REGISTRATION WITH CENTRAL EXCISE AUTHORITY

SGL obtained Registration Certificate No. 71/R-V/98 dt.30/10/98 from Excise Commissionerate for producing, manufacturing, carrying on wholesale trade/business/broker/commission agent or otherwise deal in exciseable goods or to act as a user of Exciseable goods.

The above license was replaced vide Registration No.AABC57835F-XM-001 from Excise Commissionerate for the manufacturing of processed fabric (Ch.-52, 55) Sewing thread (Ch.-55) and ready-made garment (no-60, 61, 62) at 12/6, Milestone, Mathura Road, Faridabad on January 04, 2002. It shall be valid until revoked.

VII. REGISTRATION UNDER POLLUTION CONTROL AUTHORITIES

The Company has obtained consent from Harayana State Pollution Control Board u/s 25 & 26 of the Water (Prevention And Control of Pollution) Act, 1974; under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and under Rule 5 of Hazardous Waste (Management and Handling) Rules, 1989 and as amended upto and framed under the Environment (Protection) Act, 1986. The last renewal was valid till 31st March 2005. The Company has filed an application for consent /authorization for the year April 2005 - March 2007, however no consent has been received till date.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of the Company approved the issue of equity shares at the Extra Ordinary General Meeting of the Company held on July 23, 2005 under Section 81(1A) of the Companies Act, 1956.

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

As per Clause 2.2.1 of SEBI Guidelines, the Company may make an initial public offering of equity shares or any other securities that may be converted into or exchanged with equity shares at a later date, only if it meets all the following conditions:

- The Company has net tangible assets of atleast Rs. 300 lakhs in each of the 3 preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.
- The Company has a track record of Distributable Profits as per Section 205 of the Companies Act, 1956, for atleast three out of immediately preceding five years.
- The Company has a pre-issue Net Worth of atleast Rs. 100 lakhs in each of the preceding 3 full years (of 12 months each).
- The proposed issue size does not exceed five (5) times the pre-issue net worth of the Company as per the audited accounts for the year ended March 31, 2005.
- The Company has not changed its name during the past one year.

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	2000-01	2001-02	2002-03	2003-04	2004-05
Net Tangible Assets	1556.25	1914.49	2299.90	2657.90	3888.26
Monetary Assets	6.74	12.56	29.31	124.73	169.61
Distributable Profits	339.59	361.85	263.72	237.51	608.92
Net Worth	2079.35*	2501.92	2573.09	2810.96	3420.24

*Share Capital excludes the Share Application Money pending Allotment

- (1) 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.
- (2) 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.
- (3) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off)

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE 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 PROSPECTUS. THE LEAD MANAGERS, ALLIANZ SECURITIES LIMITED AND CENTRUM CAPITAL LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE 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 PROSPECTUS, THE LEAD MANAGERS IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS M/S ALLIANZ SECURITIES LIMITED AND CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 9, 2005 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 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 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 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 PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
- (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/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTIONS 60 AND 60B OF THE COMPANIES ACT.

THE FILING OF THE 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 LEAD MANAGERS (MERCHANT BANKER), ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

DISCLAIMER FROM THE ISSUER AND THE LEAD MANAGERS

The Company, its Directors and the Lead Managers accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or any other material issued by or at instance of the Company and that anyone placing reliance on any other source of information, including our website, www.shivalikglobal.com, would be doing so at his or her own risk.

CAUTION

The Lead Managers accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Managers viz. Allianz Securities Limited and Centrum Capital Limited and the Company dated August 31, 2005 and October 7, 2005 respectively.

All information shall be made available by the Lead Managers 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.

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 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 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 New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final 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 Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated December 13, 2005 permission to this Company to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer document; or
- ii) warrant that the Company's securities will be listed or will continue to be listed on the respective exchanges; or
- iii) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of the 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 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/19218-B dated December 22, 2005 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean 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 Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to 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/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A copy of this Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai - 400021.

A copy of the Prospectus, along with the material contracts and documents required to be filed under section 60 of the Companies Act, 1956 having being attached thereto, has been delivered for registration to the Registrar of Companies, NCT of Delhi and Haryana, B-Block, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi – 110003.

IMPERSONATION

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

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years."

LISTING

The initial listing applications have been made to Bombay Stock Exchange Ltd. (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 Ltd. 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 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.



The Company with the assistance of the Lead Managers shall ensure that all steps for the completion of necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven days of finalisation 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) Lead Managers to the Issue and Bankers to the Issue, Registrars to the Issue and Legal advisors to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi, 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 Prospectus, for registration with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

M/s M. M. Goyal & Company, our 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 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 Prospectus for registration with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

EXPERT OPINION

No opinion of any expert has been obtained by the Company, except that of M/s M. M. Goyal & Co., Statutory Auditors of the Company and Corporate Professionals, Legal Advisors to the Issue.

PUBLIC ISSUE EXPENSES

The expenses for this Issue includes issue management fees, selling 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 Rs. 400 Lakhs, details of which are as under:

(Rs. In Lakhs)			
Activity	Amount	% of Total Issue Expenses	% of Total Issue Size
Issue Management	62.50	15.62	1.04
Registrars fees	37.50	9.37	0.63
Printing & Distribution of Issue Stationery	50.00	12.50	0.83
Advertising and Marketing expenses	50.00	12.50	0.83
Brokerage and Selling commission	150.00	37.50	2.50
Other expenses	50.00	12.50	0.83
Total	400.00	99.99 or appx. 100.00	6.67

Fees Payable to the Lead Managers, Brokerage and Selling Commission

The total fees payable to the LMs including brokerage and selling commission for the Issue will be as per the Memorandum of Understanding executed between the Company and the LMs dated August 31, 2005, copy of which is available for inspection at the Registered Office of the 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 October 13, 2005, copy of which is available for inspection at the Registered Office of the 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.

Underwriting commission, brokerage and selling commission

The Underwriting Commission is payable @ 1.0% of the amount underwritten by the respective underwriters. Brokerage for the Issue will be paid not more than @ 1.00% of the Issue Price of the Equity Shares by Shivalik Global Limited on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers

to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/ Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise which will be not more than 0.25% to the performing brokers on such terms and mode as may be decided by the Company.

Previous Public and Rights Issues

The Company has not made any public or rights issue since its inception.

Previous Issues of Shares Otherwise than for Cash

The Company has not issued shares for consideration other than for Cash.

Commission and Brokerage paid on Previous Issues

The Company has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

Particulars in respect of Shivalik Global Limited and other companies under the same management within the meaning of Section 370(1B) which made any capital issue during the last three years.

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which made any capital issue during the last three years.

PROMISE VIS-A-VIS PERFORMANCE

(A) LAST THREE ISSUES MADE BY SHIVALIK GLOBAL LTD.

The company has not made any issue of equity shares to the public prior to the present Public Issue.

(B) LAST ISSUE OF THE LISTED VENTURES OF PROMOTER GROUP

There is no Listed venture of the Promoter Group.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

The 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 first Public Issue of the Company, no Stock Market Data is available.

Mechanism for Redressal of Investor Grievances

The Company has appointed *Intime Spectrum Registry 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 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

M/s. Intime Spectrum Registry 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. Vinit Sikka, 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:

Shivalik Global Limited

12/6, Mile Stone, Mathura Road,
Sarai Khawaja, Faridabad,
Haryana - 121003
Tel. : +91 129 2255301-304
Email: investors@shivalikglobal.com

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 of the Company" beginning on on page no. 70 of this 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

Ranking of Equity Shares

The Equity Shares to be issued shall be subject to the provisions of the Companies Act, 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 dividends.

Mode of payment of Dividend

The declaration and payment of dividend will be recommended by the Board of Directors of the Company and its shareholders, in their discretion, and will depend on a number of factors, including but not limited to the Company's earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued at the Price of Rs. 60 per Equity Share. The Issue Price is 6 times of the face value. At any given point of time there shall be only one denomination for the Equity Shares.

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 right shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability;
- Such other rights, as may be available to a shareholder of a listed Public Company under the Companies Act and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of the Company 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 121 of this 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 for all investors.

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 (1) Equity Shares subject to a minimum allotment of 100 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Act, the sole or first applicant, along with other joint applicants may nominate any one person with whom, in the event of the death of the sole applicant or in case of joint applicants, death of all applicants as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantage to which he/she would be entitled if he/she were the registered holder of the Equity Shares. 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 Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the Registered Office of the Company or the Registrar. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of the Section 109A of the Act, shall upon production of such evidence as may be required by the Board, elect either:

- a) To register himself or herself as holder of 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 elect either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of 90 days, Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of net offer to public including development of underwriters within 60 days from the date of closure of issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight (8) days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Arrangement for Disposal of Odd Lots

The Company's share will be traded in dematerialized form only and therefore marketable lot is one (1) share. Therefore, there is no possibility of odd lots.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

For the description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer section titled "Main Provisions of the Articles of Association of the Company" on page no. 121 of this Prospectus.

ISSUE PROCEDURE

Principal Terms and Conditions of the Issue

The Equity Shares, now being issued, are subject to the terms and conditions of this Prospectus, the Application Form, the Memorandum & Articles of Association of the Company, the guidelines for listing of securities issued by Government of India and guidelines issued by SEBI from time to time, the Depositories Act and the provisions of the Act.

In addition, the Equity Shares shall also be subject to such other terms and conditions as may be incorporated in the letter of allotment, Share Certificates, as per guidelines, notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

HOW TO APPLY

Availability of Prospectus and Application Forms

The Memorandum, Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Managers to the Issue, Registrar to the Issue and the Bankers to the Issue named herein or from their branches as mentioned on the reverse of the Application Form.

The prescribed colour of the application form for various categories, is as follows:

Category	Colour of Application Form
For General Public	White
For Permanent Employees of the Company	Pink
For Scheduled Commercial Banks, Financial Institutions and Mutual Funds	Blue
For Non-Resident Indians on repatriation basis	Green

Terms of Payment for All Categories

The application must be for a minimum of 100 equity shares and thereafter in multiples of 100 shares. The equity shares of Rs. 10/- each are issued at a price of Rs. 60/- per equity share and terms of payment are as under:

	Towards Principal	Towards Premium	Total Amount Payable
On Application	5.00	25.00	30.00
On Allotment	5.00	25.00	30.00
Total	10.00	50.00	60.00

In case of allotment of shares, any excess amount paid on application shall be adjusted towards the amount due on allotment and the balance amount, if any, shall be refunded by the Company to the applicant(s).

Partly paid-up Shares

If the allotment money remaining unpaid, the company will send the 'Allotment Money Notice' to the Investors alongwith the Allotment Advice. The allottees have to pay allotment money within 30 days of the due-date mentioned in the Allotment Money Notice by way of cheque / bank draft drawn on any Bank, including a co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing house located at the place where the allotment money is to be accepted. The partly-paid shares will be traded at the Stock Exchanges, for which, the Company will take separate ISIN number. The Company will declare record date for the purpose of making partly paid shares into fully paid up shares.

Reservation

Reservation on the Competitive basis have been made in the Public Issue for:

- (i) **Employees of the company** – reservation on the competitive basis of 10,00,000 Equity Shares out of the Public Issue is made for the permanent employees of the Company aggregating to 10% of the Public Issue made by the Company.
- (ii) **Scheduled Commercial Banks, Financial Institutions and Mutual Funds** – reservation on the competitive basis of 10,00,000 Equity Shares out of the Public Issue is made for the Scheduled Commercial Banks, Financial Institutions and Mutual Funds aggregating to 10% of the Public Issue made by the Company.
- (iii) **Non-Resident Indians** – reservation on the competitive basis of 10,00,000 Equity Shares out of the Public Issue is made for non-resident Indians on repatriation basis aggregating to 10% of the Public Issue made by the Company.

Unsubscribed portion in the reserved category may be added back to the net offer to the public.

Option to Subscribe

Except as otherwise stated in this Prospectus, the Company has not entered into, nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been or is proposed to be, given to any person to subscribe for any Equity Shares of the Company.

The Investor shall have an option either to hold the security certificates or to hold the securities in dematerialized form with the depository.

WHO CAN APPLY

Applications to be made by

- a. Indian Nationals resident of India who are majors in single or joint names (not more than three);
- b. Hindu Undivided Families through the Karta of the Hindu Undivided Family;
- c. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in Equity Shares
- d. Indian Mutual Funds registered with SEBI;
- e. Indian Financial Institutions & Banks;
- f. Regional Rural Banks and Commercial Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- g. Venture Capital Funds registered with SEBI;
- h. Foreign Venture Capital investors registered with SEBI;
- i. State Industrial Development Corporations;
- j. Insurance Companies registered with Insurance Regulatory and Development Authority;
- k. Provident Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- l. Pension Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- m. Trusts/Societies who are registered under the Societies Registration Act, 1860, as amended, or any other Trust law and are authorized under its constitution to hold and invest in shares;
- n. Permanent and Regular employees of the Company;
- o. Non-Resident Indians (NRIs) on a non-repatriable basis;
- p. Foreign Institutional Investors (FIIs) registered with SEBI;

Applications not to be made by

- a. Minors
- b. Overseas Corporate Bodies (OCBs)
- c. Foreign Nationals (except NRIs on non-repatriation basis)
- d. Partnership firms or their nominees

Minimum and Maximum Application Size

- 1) **For Retail Individual Investors:** Application should be for a minimum of 100 Equity Shares and in multiples of

100 Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs. 1,00,000.

- 2) For Other Investors:** Application should be for a minimum of such number of Equity Shares so that the amount payable by the applicant exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter. An applicant in the net offer to public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.
- 3) For Employees of the Company:** Application should be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter, with a maximum number of Equity Shares applied for not exceeding 10,00,000 Equity Shares.

Subscription by NRIs/ FIIs

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs / FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No. 38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non-repatriation basis and FIIs registered with SEBI and all NRI (on non-repatriation basis) and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

PROCEDURE FOR APPLICATION

Application by Permanent Employees

Reservation on competitive basis has been made in the public issue to the permanent employees. Reservation on competitive basis shall mean reservation wherein allotment of shares is made in proportion to the shares applied for.

1. Application by Permanent Employees shall be made only in the prescribed Application Form (i.e. Pink colour form marked "Employees").
2. The sole/first applicant should be a Permanent Employee of the Company.
3. Only Permanent Employees and Directors of the Company as on the cut-off date i.e. September 30, 2005 would be eligible to apply in this Issue under reservation for Permanent Employees of the Company on competitive basis.
4. The Application must be for minimum of 100 Equity Shares and shall be in multiples of 100 Equity Shares thereafter.
5. The maximum application size in this category can be of 10,00,000 Equity Shares.
6. If the number of shares applied for in this category is less than or equal to 10,00,000 Equity Shares, full allotment shall be made to the Permanent Employees of the Company to the extent of their demand.
7. If the number of shares applied for in this category is greater than 10,00,000 Equity Shares, the allotment shall be made on a proportionate basis subject to a minimum of 100 Equity Shares. For the method of proportionate basis of allotment, please refer paragraph "Basis of Allotment" on page 117 of this Prospectus.

Application by Scheduled Commercial Banks, Financial Institutions and Mutual Funds

- Application by Scheduled Commercial Banks, Financial Institutions and Mutual Funds shall be made only in the prescribed Application Form i.e. Blue colour form marked "Banks, Financial Institutions & Mutual Funds".
- Reservation on competitive basis has been made in the public issue for the Scheduled Commercial Banks, Financial Institutions and Mutual Funds. Reservation on competitive basis shall mean reservation wherein allotment of shares is made in proportion to the shares applied for.
- A separate application must be made in respect of each scheme of a Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustee / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
- Scheduled Banks, Financial Institutions and Mutual Funds should apply in this Public Issue based on their own investment limits and approvals.
- Application must be for minimum of 100 Equity Shares and shall be in multiples of 100 Equity Shares thereafter.
- The maximum application size in this category can be of 10,00,000 Equity Shares.
- If the number of shares applied for in this category is less than or equal to 10,00,000 Equity Shares, full allotment

shall be made to Banks, financial institutions and Mutual Funds to the extent of their demand.

- If the number of shares applied for in this category is greater than 10,00,000 Equity Shares, the allotment shall be made on a proportionate basis subject to a minimum of 100 Equity Shares. For the method of proportionate basis of allotment, please refer paragraph "Basis of Allotment" on page 117 of this Prospectus.

Application by NRIs / FIIs on repatriation basis

1. As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.
2. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
3. In case of application by NRIs 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 Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
4. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.
5. Duly filled Application Forms by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai and New Delhi only.
6. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
7. Applicants this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

A. GENERAL INSTRUCTIONS

1. Applications must be made in the prescribed Application Form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the Application Forms and are liable to be rejected if not so made.
2. The application for Equity Shares should be for a minimum of 100 equity shares and in multiples of 100 shares thereafter.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

4. Bank Account Details of Applicant:

The applicant shall have to mention particulars relating to his/her saving bank/current account number and the name of the bank with whom such account is held in the respective space provided in application form, to enable the Registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order (s).

The name of the Applicant, Depository Participant's Identification (DPID) number and Beneficiary number provided by the Depository participant must be correctly mentioned in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as address, applicant's Bank Account Details and occupation from the depository participants. The refund orders, if any, will be printed with the Bank details as given by the Depository Participant.

5. Applications under Power of Attorney:

In case of applications under Powers of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds, a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrars to the Issue simultaneously with the submission of the Application Form, indicating the serial number of the Application Form and the name of the Bank and the branch office where the application is submitted.

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 Application Form subject to such terms and conditions as it may deem fit.

6. PAN/ GIR Number

Where an application is for a total value of Rs. 50,000/- or more, the applicant or in case of applications in joint names, each of the applicants should mention his/ her/ their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. The copy of the PAN Card or PAN Allotment Letter is required to be submitted with application form. In case, where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.

7. Joint Applications in the case of individuals

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.

8. Applications by Hindu Undivided Families

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications.

9. Multiple Applications

An applicant should submit only one Application Form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same.

The Company reserves the right to accept or reject, in its absolute discretion, any or all multiple applications.

A separate single cheque/draft must accompany each Application Form.

10. Application By Mutual Funds

In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

11. Stockinvest

Investors will not have facility of applying through stockinvest instrument in the issue as RBI has withdrawn the stockinvest scheme vide notification No.DBOD.NO.FSC.BC.42/24.47.001/2033-04 dated November 5, 2003.

Note:

- Applicants are requested to write their names and serial number of the Application Form, on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
- Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non Resident (Ordinary) Account (NRO). The relevant Bank Certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

B. PAYMENT INSTRUCTIONS

1. Payment shall be made only by way of cash or cheque/ demand draft (money/ postal orders will not be accepted) drawn on any Bank, including a co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the application form is submitted, i.e. at designated collection centers.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
3. All cheques/ demand drafts accompanying the Application Form :
 - (a) **For Indian Public:** should be payable in the "**Name of the Bank - A/c Shivalik – IPO**" and crossed "**Account payee only**". For e.g. "HDFC Bank - A/c Shivalik – IPO".
 - (b) **For Permanent Employees of the Company under the reserved category:** should be payable in the "**Name of Bank - A/c Shivalik – IPO - Employees**" and crossed "**Account payee only**". For e.g. "HDFC Bank - A/c Shivalik - IPO –Employees".
 - (c) **For Scheduled Commercial Banks, Financial Institutions & Mutual Funds under the reserved category:** should be payable in the "**Name of Bank - A/c Shivalik - IPO - Banks, FI & MF**" and crossed "**Account Payee Only**".
 - (d) **For NRIs / FIs under the reserved category:** should be payable in the "**Name of Bank - A/c Shivalik - IPO - NR**" and crossed "**Account Payee Only**".
4. If the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee cheque or Bank draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money refunded without any interest.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS PROSPECTUS OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF PROSPECTUS ARE LIABLE TO BE REJECTED.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- a. Bank account details are not provided.
- b. Age is not mentioned.
- c. Applications by minors.
- d. PAN or GIR no. is not given, if the value of the application is for Rs. 50,000/- or more.
- e. A copy of PAN Card or PAN Allotment letter is not submitted alongwith application form having value for Rs. 50,000/- or more.
- f. Multiple Applications.
- g. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
- h. An application accompanied by Stock invests.
- i. Applications by OCBs.
- j. Applications not duly signed by the sole/joint applicants.
- k. Application forms do not have the applicant's depository account details.
- l. Application not for a minimum of 100 shares or multiples of 100 thereafter.

- m. Application size exceeding the maximum size for the respective category.
- n. Applications by any entity other than the retail individual investor mentioned under the para “Applications to be made by” on page no. 112 of this Prospectus applying for the Equity Shares of the value of Rs. 1,00,000 or less.

FOR FURTHER INSTRUCTIONS REGARDING THE APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

SUBMISSION OF COMPLETED APPLICATION FORMS

All applications duly completed and accompanied by cash/ cheques/ demand drafts shall be submitted at any of the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Applications should NOT be sent to the Office of the Company or to the Lead Managers to the Issue.

The investors from the places other than from the places where the collection centers are located can also send their Application Forms alongwith bank Drafts payable at Mumbai by registered post with acknowledgement due to the Registrar to the Issue, ***Intime Spectrum Registry Limited*** so that the same can be received before the closure of the subscription list. **The envelope should be superscribed with the word “Shivalik IPO”.**

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrars as detailed above and not otherwise.

For further instructions, please read the application form carefully.

ACCEPTANCE OF APPLICATIONS

The Company reserves the rights to accept or reject, any application, in whole or in part, without assigning any reasons thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post, Speed Post or UPC, as the case may be, to the applicant. If the Application Form is accepted in part, the excess application money will be refunded to the Applicant. Such refund if any will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

IMPERSONATION

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

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
 - (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**
- shall be punishable with imprisonment for a term which may extend to five years.”**

BASIS OF ALLOTMENT

In the event of public issue of equity shares being over-subscribed, the allotment will be on a proportionate basis subject minimum allotment being equal to the minimum application size, i.e. 100 shares as explained below:

1. A minimum 50% of the Net Issue to the public will be made available for allotment in favour of those individual applicants who have applied for equity shares of or for a value not more than Rs. 100,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/Managing Director of the Designated Stock Exchange (BSE) along with the Lead Managers and the Registrars to the issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.
2. The balance of the Net Issue to the Public shall be made available to investors including corporate bodies/

institutions and individual applicants who have applied for allotment of equity shares of or for a value of more than Rs. 1,00,000/-.

3. The unsubscribed portion of the net issue to any of the categories specified in (1) or (2) shall/may be made available for allotment to applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. All the Application Forms where the proportionate allotment works out to less than 100 shares per applicant, the allotment shall be made as follows:
 - i. Each successful applicant shall be allotted a minimum of 100 shares; and
 - ii. The successful applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (5) above.
7. If the proportionate allotment to an applicant works out to a number that is more than 100 but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored. All applicants in such categories shall be allotted shares arrived at after such rounding off.
8. If the shares allotted on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance shares if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
9. An Over -Subscription to the extent of 10% of the net offer to the Public can be retained for the purpose of rounding off to the nearest integer to a minimum allotment being equal to 100 which is the minimum application size in the issue, while finalizing the allotment.

LETTERS OF ALLOTMENT OR REFUND ORDERS

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first applicant's sole risk. The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date.
- Dispatch of refund orders will be done within 30 days from the Issue closing date
- The Company shall pay interest at 15% per annum (for delay beyond 30 day time as mentioned above), if refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques or pay-orders drawn on the bank(s) appointed by the Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

DESPATCH OF REFUND ORDERS

The Company shall ensure dispatch of Refund Orders of value up to Rs. 1500/- under certificate of posting and refund order over the value of Rs. 1500/- by Registered Post Only. The Company would also make available adequate funds to the Registrar to the Issue for this purpose.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS

The Company agrees that as far as possible allotment of Equity Shares offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the Issue. However, applications received after the closure of Issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

EQUITY SHARE IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares of the Company can be held in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been signed between the company, the Registrar to the Issue and the Depositories:

1. an agreement dated February 7, 2006 between the Company, NSDL and Intime Spectrum Registry Ltd. and
2. an agreement dated January 30, 2006 between the Company, CDSL and Intime Spectrum Registry Ltd.

All investors can seek allotment only in dematerialised mode. However, an investor will have an option to hold the shares in physical form or demat form. After the allotment in the proposed issue, allottees may request their respective DPs for re-materialisation of shares, if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) in the application form.
3. Equity Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
4. Names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allocation letters/ refund orders will be directly sent to the applicant by the Registrar to this issue.
6. If incomplete/incorrect details are given under the heading 'Applicants Depository Account Details' in the application form, it is liable to be rejected.
7. The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/ her DP.
8. It may be noted that Equity Shares in electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
9. Trading in the Equity Shares of the Company would be only in dematerialised form for all investors.

UNDERTAKING BY THE COMPANY

The Company undertakes:

- a. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities issued are to be listed, are taken within 7 working days of finalisation of basis of allotment.
- c. that the funds required for dispatch of Refund Orders/Allotment Letters/Certificates by registered post shall be made available to the Registrar to the Issue by the Company.
- d. that the Certificates of the Equity Shares/Refund Orders to the NRI applicants shall be dispatched within specified time.

- e. that no further issue of securities shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing , undersubscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board certifies that:

- a. All monies received out of the issue of Equity Shares to the public shall be transferred to a separate Bank Account other than the Bank Account referred to in Sub-section (3) of section 73 of the Act, 1956;
- b. Details of all monies utilized out of this issue referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of this Issue of shares, if any referred to in item (a) shall be disclosed under an appropriate head in the balance sheet of the Company indicating the manner in which such unutilized monies have been invested.

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

SHARES

Share Capital

3. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in clause V of Memorandum of Association with power to sub divide consolidate and increase and with power from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from subdivision.

Redeemable Preference Shares

4. The company shall have power to issue Preference Shares carrying right to redemption out of profits which would otherwise be available for decided, or out of the proceeds of a fresh issue of shares made for the purpose of such redemption, or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Section 80 of the Act, exercise such power in such manner as it think fit.

Allotment of Shares

5. Subject to the provisions of these Articles, the shares shall be under the control of the Directors who may allot or otherwise dispose off the same on such terms and conditions, and at such time as the Directors fit think and with power to issue any shares as the fully paid in consideration, of services rendered to the Company in its formation or otherwise, provided that where the Directors decide to increase the Issue Capital by Issue of further Shares, the provisions of section 81 of the Act will be complied with provided further that the option or right to call of shares shall not be given to any person except with the sanction of the company in general meeting.

6. Subject to the provisions of Act it shall be lawful for the company to issue at a discount, shares of a class already issued.

Issue of Shares at a discount

7. The Company may, subject to compliance with the provisions of Section 78 of the Act, exercise the powers of paying commission on the issue of shared debentures.

Commission for placing shares

The Commission may be paid or satisfied in cash or shares, debentures of debenture stock of the company.

Brokerage

8. The company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.

Trusts not recognize

9. Subject to issue 187 C of the Act, of the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest as such shares or any fractional part of a share whether or not it shall have express or other notice thereof.

CERTIFICATE

Certificate

10. The certificate to title to shares shall be issued under the Seal of the company.

11. Every member shall be entitled free of charge to one certificate for all the share or each class registered in his name or, to any member so wishes, to several certificates each for one or more of such shares. Unless conditions of issue of any share otherwise provide, the Company shall either within three months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (Save in the case of issue against letters of acceptance or of renunciation or in case of issue of bonus shares) or within one month of receipt of the application of registration of the transfer, sub division, consolidation, renewal or exchange of

any of its shares, as the case may be, complete, any have ready for delivery the certificates of such shares. Every certificate of shares, shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the Companies (Issue of Share Certificate) Rules, 1960.

DEMATERIALISATION OF SECURITIES

12A (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialized its existing shares and other securities; rematerialise its shares and other securities held with Depositories and / or offer its fresh shares and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder and on the same being done, the Company shall further be entitled to maintain a register of members with the details of Members holding shares both in material and and dematerialized form in any media as permitted by law including any form of electronic media, either in respect of existing in respect of existing share or any future issue and transfer or transmission of any shares or other securities held in material or dematerialized form.

(2) The share and other securities of the Company which are held in the dematerialised form shall not be progressively numbered and the provisions relating to the progressive numbering shall not apply to the shares or other securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form and no Share Certificates shall be issued in respect of the Share issued/held in rematerialised form with any Depository.

(3) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the Shares/Securities in the records of the Depository as the absolute owner thereof as receipt of Dividends or bonus or Service of Notice and all as or any other matters connected with the Company and accordingly the Company shall not (except as ordered by Court of Competent jurisdiction or as by law required) bound to recognise any banami trust or equity or equitable, contingent or other claims to or interest in such shares/securities on the part of any other person whether or

not shall have express or implied notice thereof.

(4) In the case of Transfer or Transmission of securities held by beneficial owners with the Depository the provisions relating to the normal transfer or of transmission of shares owners in the records of the Depository. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares or securities are being held in an electronic and fungible form with a Depository, the provision of the Depository Act, 1996 shall apply.

As to issue of new certificates

12.B (1) If any certificate of any share be surrendered to the company for subdivision or consolidation or if any certificate be defaced, torn or old, decrepit, worn-out or where the cages on the reverse for recording transfer have been duly utilised, then upon surrender thereof to the Company, the Board, may order the same to be cancelled any may issue new certificate in lieu thereof, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Board, and on such Indemnity at the board thinks it fit being given a new certificate in lieu thereof, shall be given to partly entitled to the shares to which such lost or destroyed certificate relates. Where a new certificate has been issued as aforesaid it shall state on the face of it and against the stub or counterfoil that it is issued as aforesaid it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of share certificate or is duplicate issued for the one so replaced and, in the case certificate issued in place of one which has been lost or destroyed, the word "duplicate" shall be stamped or punched in hold letters across the face thereof. For every certificate issued under this Article, there shall be paid to the Company such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine.

(2) No fee shall be charged for sub-division and consolidation of share and debenture certificate and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations correspondation to the market units of trading, for sub division of renounce able letters or rights; for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilised. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are Iron. Defaced, lost or destroyed, and for sub division of letter of allotment and split, consolidation, renewal and pucca transfer receipts into denominates other than those fixed for the market units of trading.

JOINT – HOLDERS OF SHARES

Fee on sub-division of shares issue of new certificates etc.

13. Where two or more persons registered as the holders of any share they shall be deemed to hold the same as joint, tenants with benefit of survivorship Subject to provisions following and to the other provisions of these Articles relating to joint-holders:

Maximum number

a) The Company shall not be bound to register more than three persons as the joint-holder of any share.

Liability several as well as joint

b) The Joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares.

Survivors of joint holders only recognized

c) On the death of any one of such joint-holders the survivor or survivors shall be the only person recognised by the Company as having any title to or interest in such share but the Board may deem required such evidence of death as it may deem fit.

Delivery of certificates

d) Only the person whose name stands first in the Register as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share.

CALLS

Calls

14. 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 allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at times and places appointed by the Directors. A call may be made payable by installments.

When call deemed to have been made

15. That the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.

Notice to call

16. Not less than 30(Thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

Amount Payable

17. If by the terms of issue of any share or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount of issue price or installment thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or installments accordingly.

Interest to be charged on no payment of call

18. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 12 (Twelve) percent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or in part.

Evidence in actions by Company against Shareholders

19. On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove

that the name of the defendant is, or was, when the claim arose, on the Register of the company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the Call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment of calls in advance

20. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of call then made, upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 6 (Six) percent per annum as the member paying such sum as advance and the Board agree upon. Money so paid in excess of the amount of call shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving such member not less than three months notice in writing.

FORFEITURE AND LIEN

Notice may be given for calls or installment not paid

21. 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 notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, that may have been incurred by the Company by reasons of such non-payment.

Form of notice

22. The notice shall name a day (not being less than 30 (Thirty) days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment at or before the time, and at the place or places appointed, the shares in respect of which such calls was made or installment is payable will be liable to be forfeited.

If notice no complied with shares may be forfeited

23. If the requirement of any such notice as aforesaid be not complied with, any shares in respect which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgency granted by the company in respect of the payment of any such money shall preclude the company from thereafter proceeding to enforce a forfeiture of such share as herein provided.

Notice after forfeiture

24. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited share to become property of the company

25. Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell, re-allot or otherwise dispose off the same in such a manner, as they think fit.

Power to annual forfeiture

26. The Directors may, at any time before any share so forfeited shall not be sold, re-allotted or otherwise disposed off, annual the forfeiture thereof upon such conditions as they think fit.

Arrears to be paid notwithstanding forfeiture

27. Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the company all calls, installments, interest and the expenses, owing upon or in respect of such shares at the time of all installments, interest and the forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12(Twelve) percent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.

Effect of forfeiture

28. 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 the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

29. A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a written title to such shares.

Company's lien on shares

30a That fully paid shares shall be free from all lien, and that in the case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such shares.

Intention as to enforcing lien by sale

30b That a common form of transfer shall be used.

Application of proceeds of sale

31. For the purpose of enforcing such lien, the Director may sell the shares subject thereto in such manner as they think fit, but no sales shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his committee, curator bonis or other person recognised by the company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for thirty days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the line exists as is presently payable by such member, and the residual (if any) be paid to such member, his executors, administrators or other representatives or person so recognised as aforesaid.

Validity of share

32. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Director 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 such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale of disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.

Power to issue new certificate

33. Where any shares under the powers in that behalf herein contained are sold by the Directors and the Certificate thereof has not been delivered to the Company by the former holders of the said shares the Directors may issue new certificate in lieu of certificate not so delivered.

TRANSFER AND TRANSMISSION OF SHARES**Execution of transfer etc.**

34. Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Com-

pany together with the certificate or certificates of the shares, or if no such certificate is in existence along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by or on behalf of the transferor and by or on behalf of transferees and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

Application for transfer

35. "The company will entertain applications for registering transfers of its securities when the instrument of transfer is in any usual or common form approved by the exchange."

Common Forms of Transfer

36. Application for the registration of the transfer of share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and, subject to the provisions of Articles hereof, the company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

Notice of transfer to registered holder

37. Before registering any transfer tendered for registration, the Company may, if it so think fit, given notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within two weeks from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.

Register of transfer

38. The company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particular of every transfer of any share.

In what case to decline to register transfer of shares

39. Subject to the provisions of section 111 of the Act, the Board, without assigning any reason for such refusal, may within one month from the date on which the instrument of transfer was delivered to the company, refuse to register any transfer of a share upon which the Company has a lien and, in the case of a share not fully paid up, may refuse to register a transfer to a transferee of whom the Board does not approve Provided that the registration of a transfer of share shall not be refused on the ground of the transferor being either alone or jointly with any other persons or persons indebted to the company on any account.

No transfer to minor

40. (1) No transfer shall be made to a person of unsound mind.

No fee for registration for transfer

(2) No fee shall be charged for registration of transfer, probate, letter of administration, certificate of death or marriage, Power of Attorney or similar other instruments.

When instrument of transfer to be retained

41. All instrument of transfer duly approved shall be retained by the Company and in case of refusal, instruments of transfer shall be returned to the person who lodges the transfer deeds.

Notice of refusal to register transfer

42. If the Directors refuse to register the transfer of any shares, the Company shall within one month from the date on which the instrument of transfer was lodged with the Company or intimation given, send to the transferor and the transferee or the person giving intimation of such transfer, notice for such refusal.

Power to close transfer books and register

43. On giving seven days' notice by advertisement in a news paper circulating in the District in which the Office of the

Company is situated, the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.

Transmission of registered shares

44. The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint holders of any registered shares the survivors shall be only persons recognised by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Before recognising any legal representative or heir or a person otherwise claiming title to the shares the company may require him to obtain a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production or probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

As to transfer of share of deceased or insolvent members

Transmission Article

Notice of election to be registered

45. Any person becoming entitled to or to transfer shares in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as 'The transmission Article'. Subject to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered a member in respect of the share himself he shall deliver or sent to the company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person he shall execute an instrument of transfer of shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and he registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid.

Rights of executors and trustees

46. Subject to any other provision of these Articles if the Directors in their sole discretion are satisfied in the regard thereof, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.

Provisions of articles relating to transfer application

47. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

SHARE WARRANTS

Power to issue share warrants

48. Subject to the provisions of Section 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may issue share-warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Regulations 40 to 43 of table 'A' in Schedule 1 to the Act shall apply.

STOCKS

Stocks

49. The Company may exercise the power of conversion of its shares into stock and in that case regulations 37 to 39 of table 'A' in Schedule 1 to the Act shall apply.

ALTERATION OF CAPITAL

Power to subdivide and consolidate Surrender

50. The company may, by ordinary resolution, from time to time, alter the condition of Memorandum of Association as follows:

- (a) Increase the Share Capital by such amount to be divided into shares of such amount as may be specified in the resolution
- (b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares
- (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the share from which the reduced share is derived, and
- (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.

Surrender

51. Subject to the provisions Section 100 to 104 of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and condition as shall be agreed.

Power to modify rights

52. If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be carried with consent in writing of the holders of three-fourths of the passed at a Separate Meeting of the holders of the shares of that class. To every such separate meeting the provisions of these Articles, relating to general meeting shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each shares of the class of which he is the holder. The company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Register of Companies.

BORROWING POWERS

Power to borrow

53. The Board may from time to time and at its discretion, subject to the provisions of section 58A, 292 and 293 of the Act, and Regulations made thereunder and Directions issued by the RBI raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the company.

Conditions on which money may be borrowed

54. The Board may rise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, but the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or part of the property of the Company (both present and future), including its uncalled capital for the time being, provided that debentures with the rights to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting and subject to provision of the Act.

Issue at discount etc. or with special privileges

55. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawing, allotment or shares, appointment of Directors and otherwise, Debentures, debenture-stock bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Instrument for transfer

56 Save as provided in Section 108 of the Act, no transfer of debenture shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company

together with the certificate or certificates of debentures.

57. If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the company, send to the transferee and to the transferor notice of the refusal.

RESERVES

Reserve

58. Subject to the provisions of the Act, the Board shall in accordance with Section 205 (2A) of the Act, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied and pending such application may at its discretion, either be employed in the business of the company or be invested in such investments (other than shares of the Company as the Board may from time to time think fit.). The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.

Capitalisation

59. Any General Meeting may resolve that the whole or any part of the undivided profits of the company (which expression shall include any premiums received on the issue of the shares and any profits of other sums which have been set aside as a reserve or reserves or have been carried forward without being divided) be capitalised and distributed amongst such of the members as would be entitled to received the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised amount be applied on behalf of such members in paying up in full any unissued shares of the company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such member in full satisfaction of their interest in the said capitalised amount. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purpose of this Article only be applied in paying up of unissued shares to be issued to members of the company as fully-paid bonus shares.

Fractional certificates

60. For the purpose of giving effect to any resolution under last two preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificate.

GENERAL MEETINGS

Extra Ordinary General Meeting

61. The Directors may, whenever they think fit, call an Extra ordinary General Meeting provided however if at any time there are not in India, Directors capable of acting who are sufficient in number to form a quorum any Director present in India may call an Extra Ordinary Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.

Calling of extraordinary general meeting on requisition

62. The Board of Directors of the Company shall on the requisition of such member or members of the company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an Extraordinary General Meeting of the company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provision of section 169 of the Act and of any statutory modification thereof for the time being shall apply

Quorum

63. The quorum for a general meeting shall be five members present in person

Chairman

64 At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the Meeting or, through present be unwilling to act as chairman, the members present shall choose one of the Directors

present to be Chairman or if no Director shall be present or through present shall be unwilling to take the Chair then the members present shall choose one of their members, being a member entitled to vote, to be Chairman.

Sufficiency of ordinary resolutions

65. Any act or resolution which, under the provisions of this Article or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the articles specifically require such act to be done or resolution passed by a special resolution.

When if quorum be not present, meeting to be dissolved and when adjourned

66. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon a requisition of share holders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two person shall be a quorum and may transact the business for which the meeting was called.

How question of resolution to be decided at meetings

67. In the case of an equality of votes the Chairman shall both on a show of hands and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Power to adjourn general meeting

68. The Chairman of a General Meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.

Business may proceed notwithstanding demand of poll

69. If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

VOTES OF MEMEBRS

Vote of members

70. (1) On a show of hands every members present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity shares or as a duly authorised representative of a body corporate being a holder of Equity shares, if he is not entitled to vote in his own right, shall have one vote.

(2) On a poll the voting rights of a holder of equity shares shall be as specified in Section 87 of the Act.

(3) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference shares shall be in accordance with the provisions of section 87 of the Act.

(4) No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.

Votes in respect of deceased, insolvent and the members

71. A person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to the meeting of the company. If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee or other legal curator and such last mentioned persons may given their votes by proxy provided twenty four hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote he shall satisfy the board of his rights under this Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Joint holders

72. Where there are joint holders of any share any one of such person may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled there to and if more than one of such joint holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executor or administrators of deceased member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Instrument appointing proxy to be in writing

73. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hands of its Attorney.

Instrument appointing proxy to be deposited at the office

74. The instrument appointing proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

When vote by proxy valid though authority revoked

75. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity, revocation of transfer of the share shall have been received at the office or by the Chairman of the Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form of instrument appointing proxy

76. Every instrument appointing a proxy shall as nearly as circumstances will admit be in the form set out in Schedule IX to Act.

Validity of vote

77. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.

77A Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and fulfilling the requirement as laid down in Section 179 of the Act, for the time being in force.

Registration on voting

78. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right or lien.

Number of directors

79. The number of Directors shall not be less than three and not more than twelve

First Directors

80. The following shall be the first Directors of the Company.

1. Mr. Ashok Aggarwal
2. Mr. Sunil Jindal
3. Mr. Satish Garg

Power of Directors to add its number

81. The Directors shall have power, at any time and from time to time, to appoint any person as an additional Director

as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any director so appointed shall hold office only until the next Annual General Meeting of the company and shall be eligible for re-election.

Share qualification of Directors

82. A Director shall not be required to hold any share qualification.

Remuneration of Directors

83. Subject to provision of the Act, the Directors shall be entitled to receive in each year a Commission @1% (One percent) of the net profits of the Company, such commission be calculated on the net profits of the Company to be computed in accordance with the provisions of the Act, and such commission shall be divided among the Directors in such proportion and manner as may be determined by them. The Director may allow and pay to any director who for the time being is resident out of the place at which any meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses in connection with his attending at the meeting in addition to his remuneration as above specified. If any Director being willing is appointed to an executive office either whole time or part time to be called upon to perform extra service or to make any special exertions for any of the purposes of the Company then, subject to section 198, 309, 310 and 314 of the Act, the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.

83A. The sitting fees payable to a Director for attending a meeting of the Board or a Committee of the Board or a general meeting shall be regulated as per the provision of Section 310 of the Act and Schedule XIII thereof.

Continuing Directors may act

84. The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number above fixed, the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.

Directors may contract

85. Subject to the provision of Section 297, 299, 309 and 314 of the Act, the Directors (including Managing Director) shall not be disqualified by reason of his or their office as such, from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contractor or any contract or arrangement entered into by or on behalf of the Company with a relative of such Directors or the Managing Director or with any firm in which any Director or a relative shall be a partner or with any other partner or with a private company in which such Director is a member or director interested be avoided, nor shall any Director or otherwise so contracting or being such members or so interested be liable to account to the company for any profit realised by such contract or arrangement by reason only on such Director holding that office or of the fiduciary relation thereby established.

APPOINTMENT OF DIRECTORS

Appointment of Directors

86. The company in General Meeting may, subject to the provision of these Articles and the Act, at any time elect any person to be a Director and may, from time to time, increase or reduce the number of directors

86A. Any member of the company shall be competent to propose the name of any person who is otherwise not disqualified as being a director of a company, for the office of director in the company and shall accordingly give a notice of at least 14 days in writing along with a deposit of Rs.500/- (Rupees Five hundred) or such sum as may for the time being prescribed by the Act, which shall be refunded only after the person proposed to be appointed as director is elected.

Board may fill up casual vacancies

87. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long as the vacating Director would

have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Act.

Nominee Directors

88. The company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon which terms and conditions as the Company may deem fit. The corporation, firm or person shall be entitled, from time to time, to remove any such Director or Directors and appoint another or others in his or their places. He shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the company.

Nomination of Director of financial and other institutions

89 a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), Unit Trust of India (UTI), and other Financial Institutions of Central or State Governments or to any other Corporation or Institution or to any other Financing Company or other Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC, GIC, UTI or any other Financing Company or Body (each of which IDBI, IFCI, ICICI and LIC, GIC, UTI or other Finance Corporation or Credit Corporation or any other financing Company or body is hereinafter in these Articles referred to as "the Corporation") continue to hold shares in the company as result of underwriting or direct subscription, the Corporation shall have a right to appoint from time to time any person or persons as a director or directors, whole time or non-whole time (which director or directors is/are hereinafter referred to as nominee director/s") on the board of the company and to remove from such office any person or persons so appointed and to appoint any person or person in his or their place/s.

(b) The Board of directors of the company shall have no power to remove from office the nominee director/s. At the option of the Corporation, such nominee director/s shall not be liable to retirement by rotation of directors. Subject as aforesaid, the nominee director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other director of the Company.

(c) The nominee director/s so appointed shall hold the said office only so long as any money remain owing by the company to the Corporation or as are result of underwriting or direct subscription and the nominee director/s so appointed in exercise of the said power shall ipso-facto vacate such office immediately after the moneys owing by the company to the corporation are paid off or the Corporation ceasing to hold shares in the company.

(d) The nominee director/s appointed under this Article shall be entitled to receive all notices of and attend all general meeting, board meetings and of the meetings of the committee of which the nominee director/s is/are members/s and also the minutes of such meetings.

The Corporation shall also be entitled to receive all such notices and minutes.

(e) The Company shall pay to the nominee director/s sitting fees and expenses which the other directors of the company are entitled to, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the company, the fees, commission, moneys and remuneration in relation to such nominee director/s shall accrue to the Corporation and the same shall accordingly be paid by the

company directly to the Corporation. Any expenses that may be incurred by the Corporation or such nominee director/s in connection with their appointment or directorship shall also be paid or reimbursed by the company to the Corporation or as the case may be to such nominee director/s. Provided that if any such nominee director/s is an officer of the Corporation the sitting fees, in relation to such nominee director/s shall also accrue to Corporation and the same shall accordingly be paid by the company directly to the Corporation. Provided also that in the even to the nominee director/s being appointed as whole time director/s such nominee directors shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole time director, in the management of the affairs of the Company. Such nominee director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation.

Alternate Directors

90. Subject to the provisions of section 313 of the Act, the Board may appoint any person to act as an alternate

director for a director during the latter's absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect as such appointee, whilst he holds office as an alternate director; shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent director returns to state in which meetings of the Board are ordinarily held or the absent Director vacates office as Director

ROTATION OF DIRECTORS

91. (1) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

Rotation of Directors

(2) At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

(3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those to retire shall, in default of the subject to any agreement among themselves, be determined by lot.

(4) If at any Annual General Meeting all the Directors appointed under Article 87 and 110 hereby are not exempt from retirement by rotation under Section 255 of the Act, then to the extent permitted by the said Section, the exemption shall extend to the Directors or Director appointed under Article 87. Subject to the foregoing provisions as between Directors appointed under any of the Articles referred to above, the Director or Directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as maybe determined by the Board

Retiring Directors eligible for re-election

92. A retiring Director shall be eligible for re-election and shall act as Director throughout the meeting at which he retires

93. Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting, the places of the retiring Directors are not filled up, the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

94 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the company duly authorized in this behalf to every Director for the time being in India, and at his usual address in India to every other Director.

Quorum

95. The quorum for a meeting of the Directors shall be determined, from time to time, in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, it shall be adjourned until such date and time as the Directors present shall appoint.

Summoning a meeting of Directors

96. The Secretary may at any time, and upon request of any two Directors shall, summon a meeting of the Directors.

Voting at Meeting

97. Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, each director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote.

Chairman of meeting

98. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors. Provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, the Directors present shall choose one of their members to be Chairman of such meeting.

Act of Meeting

99. A meeting of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the act for the time being vested in or exercisable by the Directors generally.

To appoint Committee and to delegate power and revoke it

100. The Directors may, subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committee(s) consisting of such member or members of their body as they think fit, and may, from time to time, revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time be imposed on it by Directors. The meeting and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Article.

Validity of acts

101. All acts done at any meeting of Directors or of a Committee of Directors or by any person acting as a Director shall be valid notwithstanding that it be afterwards discover that there was some defect in the appointment of any such Directors, Committee or person acting as aforesaid or that they or any of them were disqualified.

Resolutions by circulation

102. Except a resolution which the Act, requires it specifically to be passed in a board meeting, a resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provision of Section 289 of the Act. Minutes of any meeting of Directors or of any Committee or of the Company if purporting to be signed by the Chairman of such meeting or by the Chairman of next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.

POWER OF DIRECTORS**General power of the company vested in the directors**

103. Subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the company and are not hereby law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents, from time to time, made by the Company in General Meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made

Power to delegate

104. Without prejudice to the general powers conferred by the preceding article the Directors may, from time to time and at any time subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorised and discretions for the time being vested in the Directors.

Power to authorise sub delegation

105 Directors may authorise any such delegate or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

Signing of documents

106. All deeds, agreements and documents and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to the company, shall be signed, drawn, accepted or endorsed or otherwise executed, as the case may be by such person (including any firm or body corporate)

whether in the employment of the company or not and in such manner as the Directors shall, from time to time, by resolution determine.

Management abroad

107. The Directors may make such arrangements as may be thought fit for the management of the Company's affair abroad, and may for this purpose (without prejudice to the generality of their powers) appoint local bodies and agents and fix their remuneration and delegate to them such powers as may be deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of and instruments sealed therein shall be signed by, such persons as the Directors shall, from time to time by writing under the common seal, appoint. The company may also exercise the powers of keeping Foreign Registers. Such regulations not being in consistent with the provisions of Section 157 and 158 of the Act, the Board may, from time to time, make such provisions as ti may thing fit relating thereto and may comply with the requirements of any local law.

Manager or Secretary

108. A Manager or secretary may be appointed by the Directors on such terms, at such remuneration and upon such conditions as they may think fit, and any Manager or Secretary appointed any be removed by the Directors. A Director may be appointed as Manager or Secretary, subject to Sections 314, 197A, 383A, 387 and 388 of the Act.

Act of Director, Manager or Secretary

109. A provision of the Act or these regulations requiring or authorising a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person acting both as director and as, or in place of the manager or secretary

Power to appoint managing Director

110 Subject to the provisions of Sections 197A, 269, 316 and 317 and Schedule XIII of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of Company and may from time to time (subject to the provision of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.

To what provisions he shall be subjected

111. Subject to the provision of Section 255 of the Act and Article 90 (4) change hereof, a Managing Director shall not, while he continues to hold that office, but subject to retirement by rotation but he shall be counted for ascertaining the number of Directors to retire (Subject to the provision of any contract between him and the Company he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso factor and immediately, cease to be a Managing Director for any cause.

Remuneration of managing director

112 Subject to the provisions of Sections 198, 309, 310, 311 and Schedule XIII of the Act, a Managing Director shall, in addition to the remunerating payable to him as a Director of the Company under the Articles, receive such additional remunerations as may, from time to time, be sanctioned by the Company.

Powers of Managing Directors

113. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Section 292 and 293 thereof, the Board may, from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such powers either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, with draw, alter or vary all or any of such powers.

COMMENCEMENT OF BUSINESS

Compliance before commencement of new business

114. The company shall not at any time commence any business out of other objects of its Memorandum of Association unless the provisions of Section 149 of the Act have been duly complied with by it.

SEAL

Custody of seal

115. The Directors shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority of the Directors or a Committee of the Directors previously given and one Director at least shall sign every instrument to which the seal is affixed provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

DIVIDENDS

How profits shall be divisible

116. Subject to Rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company, from time to time determine to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the Shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid. Provided always that Subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of issue otherwise provide, as the case may be), only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.

Declaration of dividends

117. The Company in General Meetings may declare a dividend to be paid to the members according to their rights and interest in the profits and may subject to the provisions of Section 205 of the Act, fix the time for payment.

Restrictions of amount of dividends

118. No larger dividend shall be declared than is recommended by the Directors, but the company in General Meeting may declare a smaller dividend.

Dividend out of profit only

119. No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.

What to be deemed net profits

120. The declaration of the Directors as to the amount of the net profit in the audited annual accounts of the Company for any year shall be conclusive.

Interim dividends

121. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies

Debts may be deducted

122 The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the line exists, subject to Section 205A of the Act.

123. A transfer of shares shall not pass the rights of any dividend declared thereon before the registration of the transfer.

Retention in certain cases

124 Subject to Section 205A of the Act, the Director may retain the dividends payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same.

Dividend to joint holders

125 Any one of the several person who are registered as joint holders of any share may give effectual receipts of dividend payments on account dividends in respect of such shares

Payment by post

126. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled thereto, or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint holding or to such person and such address and the member or person entitled or such joint holders as the case may be, may direct and every cheque or warrant so sent shall be made payable at par to the person or to the order of the person

To whom it is sent or to the order of such other person as the member or person entitled or such joint holders, as the case may be, may direct.

When payments good discharge

127. The payment of every cheque or warrant sent under the provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the company in respect thereof, provided nevertheless that the company shall not be responsible for the loss of any cheque, warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.

127A Any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with Sections 205A and 205B of the Companies Act, 1956 and rules made thereunder.

127B No. unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205A of the Companies Act, 1956 and rules made thereunder in respect of such dividend.

BOOK AND DOCUMENTS**Where to be kept**

128. The Books of Account shall be kept at the registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours

Inspection by members

129. The Directors shall, from time to time, determine whether and to what extent and what times and places and under what conditions or regulations the accounts or books or documents of the Company or any of them shall be open for inspection to members not being Directors, and no member (not being a Director) shall have any right of inspection to any books of account or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.

Balance Sheet and profit and loss Account

130. Balance Sheet and Profit and Loss Account will be audited once in a year by a qualified auditor for correctness as per provisions of the Act.

Audit

131. The first auditors of the company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first annual general meeting

132. The directors may fill up any casual vacancy in the office of the auditors.

133. The remuneration of the auditors shall be fixed by the company in the annual general meeting except as otherwise decided or that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

NOTICES**How notice served on members**

134. The company shall comply with the provisions of Sections 53, 172 and 190 of the Act to the serving of notices.

Transfer etc., bound by prior notices

135. Every person who, by operation of law, or by transfer or by other means whatsoever, shall become entitled to

any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such shares.

Notice valid though member deceased

136. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these present shall notwithstanding such member be then deceased and whether or not the company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder of joint-holders thereof and such service shall for all purposes of these present be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such share.

How notice to be signed

137. The signature to any notice to be given by the Company may be written or printed.

RECONSTRUCTION

Reconstruction

138. On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding up may, if authorised by a special resolution, acceptfully paid or partly paid-up shares, debentures, or securities of any other Company whether incorporated in India or not other than existing or to be formed for the purchase in whole or in part of the property of the company, and the Directors (if the profits of the Company permit), or the Liquidators (in a winding up) may distribute such shares or securities or any other property of the company amongst the members without realisation, or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the company and of the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these presents.

SECRECY

No shareholder to enter the premises of the Company without permissions

139. Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to enter upon the property of the company without the permission of Directors, or subject to article 126 to require discovery of any information respecting any detail of the Company's trading or any matter which is or may be in nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interest of the members of the Company to communicate.

WINDING UP

Distribution of Assets

140. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid up at the commencement of winding-up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Distribution of Assets in specie

141. In the event of Company being wound up, whether voluntarily or otherwise, the liquidators, may with the sanction of Special Resolution divide among the contributors, in specie or kind, any part of the assets of the Com-

pany and may with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as the Liquidators, with like sanction shall think fit.

Indemnity

142. Subject to the provision of Section 201 of the Act, every Director, Manager, Secretary and other officer or employee of the company shall be indemnified against and it shall be the duty of the Directors to pay out of the funds of the Company all bonafide costs, losses and expenses (including traveling expenses) which any such Directors, Manager or Secretary or other officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him or by them as such Director, Manager, Secretary, Officer or employee in defending any proceeding whether civil or criminal in which judgment is given in his or their favour or he or they is or are acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.

LOANS AND GUARANTEES

Power to make inter-corporate Loans and Guarantees

143. Subject to provision of section 372A of the Act, Company can directly or indirectly make any loan to any other body corporate, give any guarantee or provide security, in connection with a loan made by way of subscription, purchase or otherwise the securities of any other body corporate, provided that the total amount of loans so given or guarantees so provided shall not exceed sixty percent of its paid up share capital and free reserves, whichever is more. Where the aggregates of loans and investments so far made, the amounts for which guarantee or security so far provided to or in all other bodies corporate, along with the investment, loan, guarantee or security proposed to be made or given by the board exceed the aforesaid limits, no investment or loan or loan should be made or guarantee shall be given or security shall be provided unless previously authorized by a special resolution passed in a general meeting.

144 Subject to the provisions of the Act, and so for as such provisions permit, no Director, Auditor or other Officer of the company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or act for conformity, or for any loss or expenses happening to the company through the insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECTION X - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the 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 Prospectus until the date of closing of the Issue.

Material Contracts

1. Memorandum of Understanding, dated August 31, 2005 signed between the Company and Allianz Securities Limited, the Lead Managers to the Issue.
2. Memorandum of Understanding, dated October 7, 2005 signed between the Company and Centrum Capital Limited, the Lead Managers to the Issue.
3. Memorandum of Understanding, dated October 13, 2005 signed between the Company and Intime Spectrum Registry Limited, the Registrar to the Issue.
4. Copy of Underwriting Agreement entered into with Allianz Securities Limited and Centrum Capital Limited dated February 2, 2006.
5. Copy of the Tri-partite Agreement dated February 7, 2006 between NSDL, the Company and Intime Spectrum Registry Limited.
6. Copy of the Tri-partite Agreement dated January 30, 2006 between CDSL, the Company and Intime Spectrum Registry Limited.

Documents for Inspection

1. Memorandum and Articles of Association of Shivalik Global Ltd., as amended from time to time.
2. Certificate of Incorporation of Shivalik Global Ltd. dated July 22, 1997.
3. Copy of special resolution passed at EGM dated July 23, 2005 u/s 81 (1A) authorizing the Issue of Equity Shares.
4. Copies of letters to BSE & NSE regarding In-principle approval for Listing.
5. Copies of In-principle approvals from BSE & NSE dated December 13, 2005 and December 22, 2005 respectively.
6. Copies of Auditors Reports issued by Statutory Auditors of the Company M. M. Goyal & Co., Chartered Accountants, dated February 2, 2006 and Certificate dated September 1, 2005 regarding the deployment of funds in relation to the expansion programme till that date.
7. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s. M. M. Goyal & Co., Chartered Accountants, dated September 1, 2005.
8. Copy of letter dated November 7, 2005 from Legal Advisors for the vetting and approval of the Prospectus.
9. Copies of quotation obtained and purchase orders placed for plant and machinery.
10. Consent letters from Promoters, Directors, Lead Managers to the Issue, Bankers to the Issue, Bankers to the Company, Auditors, Legal Advisors to the Issue, Registrar to the Issue, Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in the Prospectus.
11. Copies of Annual Reports of the Company for the last 5 accounting periods i.e. FY 2001, FY 2002, FY 2003, FY 2004, FY 2005 and for the nine months ended on December 31, 2005.
12. Copies of Annual Reports of the Group Companies viz. Shyam Tex International Ltd., Ruchi India Ltd., Target Fashions Ltd., Gandhar Petrochemicals Ltd., Demaco Polymers Ltd., Gandhar Exports Ltd., Vinsan Healthcare Ltd., S.D. Chemicals (P) Ltd., N.B. Welcome Chemicals (P) Ltd. for the last 3 accounting periods i.e. FY 2003, FY 2004, FY 2005.
13. Due Diligence Certificate dated November 9, 2005 issued by Lead Managers to the Issue, Allianz Securities Limited and Centrum Capital Limited.
14. A copy of the SEBI Final observation letter no. CFD/DIL/ISSUES/EB/59101 dated January 30, 2006 received from SEBI, Mumbai in respect of the Public Issue of Shivalik Global Ltd.



SECTION XI - DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 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 Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF SHIVALIK GLOBAL LIMITED

Mr. J. P. Aggarwal
Chairman cum Managing Director

Mr. Sandeep Aggarwal
Joint Managing Director

Mrs. Sumitra Aggarwal
Whole Time Director

Mr. Avinash Kumar
Nominee Director, IFCI

Mr. Randhir Singh
Nominee Director, HSIDC

Mr. S. K. Aggarwal
Whole Time Director

Mr. C.P. Srivastava
Director

Mr. S.P. Jain
Director

Mr. K.K. Garg
Director

Mr. G.S. Singhal
Director

Mr. Anil Jodhani Agarwal
Vice-President (Finance)

Date: February 17, 2006
Place: New Delhi