



## Crew B.O.S. Products Limited

(Incorporated as Motherson Unimetex Pvt. Ltd. on 30<sup>th</sup> December 1988 at New Delhi, the name was changed to Crew B.O.S. Products (P) Ltd on 26<sup>th</sup> February 1992 and converted into a Public Limited company on 10<sup>th</sup> November 2003.)

**Registered Office:** M-16, 1<sup>st</sup> Floor, Commercial Complex, Greater Kailash II, New Delhi- 110048  
(Formerly located at Oberoi Farms, Village Asola, Fatehpur Beri, Mehrauli, New Delhi – 110 030)

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**Public issue of 40,00,724 equity shares of Rs.10 each for cash at a premium of Rs. 25 each aggregating Rs.1400.25 lacs.**

### RISK IN RELATION TO FIRST ISSUE

This being the first Issue of the Equity Shares of Crew B.O.S. Products Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. The face value of shares is Rs. 10/- and the issue price is 3.5 times of the face value. The Issue Price (as has been determined and justified by the Lead Manager and Crew B.O.S. Products Limited as stated herein under the paragraph on the Basis for issue price) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares of the Company nor 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. Specific attention of investors is drawn to the statement of Risk Factors appearing on page no.i to v of the prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

Crew B.O.S. Products Limited having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to 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 are proposed to be listed on The Stock Exchange, Mumbai (BSE), the Designated Stock Exchange and The National Stock Exchange of India Ltd. (NSE). The in-principle approvals have been received from BSE and NSE for listing of the Equity Shares vide their letters dated 16-03-2004 and 03-05-2004 respectively.

#### LEAD MANAGERS TO THE ISSUE



**UTI Securities Limited**  
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#### REGISTRARS TO THE ISSUE



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### ISSUE PROGRAMME

**ISSUE OPENS ON : THURSDAY, 19TH AUGUST, 2004**  
**ISSUE CLOSSES ON : FRIDAY, 27TH AUGUST, 2004**

## TABLE OF CONTENTS

| Title   | Page No. |
|---|----------|
| Definitions and Abbreviations .....   | a        |
| Risk Factors and Management Proposals thereof .....   | i        |
| Highlights.....   | vi       |
| <br><b>Part I</b>   |          |
| 1. General Information .....  | 1        |
| 2. Capital Structure .....  | 8        |
| 3. Terms of Present Issue .....   | 13       |
| 4. Particulars of the Issue .....   | 21       |
| 5. Details about the Company .....  | 23       |
| 6. The Promoters and their Background .....   | 29       |
| 7. Key Managerial Personnel .....   | 31       |
| 8. Brief Details about the Project .....  | 34       |
| 9. Description of Industry and Business .....   | 45       |
| 10. Stock Market Data .....   | 46       |
| 11. Management Discussion and Analysis of the Financial Condition and<br>Results of the Operations as reflected in the Financial Statements ..... | 46       |
| 12. Financial Information of Group Companies .....  | 52       |
| 13. Particulars regarding Companies under the Same Management and Previous Public Issues ....   | 52       |
| 14. Basis for Issue Price .....   | 52       |
| 15. Outstanding Litigations or Defaults .....   | 54       |
| 16. Risk Factors and Management Proposals thereof .....   | 54       |
| 17. Disclosure on Investor Grievances and Redressal System .....  | 59       |
| <br><b>Part II</b>  |          |
| A. General Information .....  | 60       |
| B. Financial Information .....  | 62       |
| C. Statutory and Other Information .....  | 72       |
| D. Main Provisions of Articles of Association of Crew B. O. S. Products Limited .....   | 75       |
| E. Material Contracts and Documents for inspection .....  | 82       |
| <br><b>Part III</b>   |          |
| Declaration .....   | 84       |

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## DEFINITIONS AND ABBREVIATIONS

|                                   |  |
|-----------------------------------|--|
| Act                               | The Companies Act, 1956  |
| Applicant                         | Any prospective investor who makes an application for shares in terms of the prospectus.                                     |
| Application Form                  | The form in terms of which the investors shall apply for the Equity Shares of the company.                                   |
| Articles                          | Articles of Association of Crew B.O.S. Products Limited  |
| Board                             | Board of Directors of Crew B.O.S. Products Limited.  |
| BSE                               | The Stock Exchange Mumbai  |
| CDSL                              | Central Depository Services Limited.   |
| CLB                               | Company Law Board.   |
| DCA                               | Department of Company Affairs.   |
| Depositories Act                  | The Depositories Act, 1996 as amended from time to time  |
| Depository                        | A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time |
| DP                                | Depository Participant.  |
| EOU                               | Export Oriented Unit   |
| EPS                               | Earnings Per Share   |
| FEMA                              | Foreign Exchange Management Act, 1999  |
| FI                                | Financial Institution  |
| FII(s)                            | Foreign Institutional Investor(s)  |
| Financial Year / Fiscal Year / FY | The twelve months ended March 31 <sup>st</sup> of a particular year  |
| Fresh Issue/ Issue                | The issue of 40,00,724 new Equity Shares of Re 10/- each at a premium of Rs 25/- per share as per this Prospectus            |
| GOI                               | Government Of India  |
| HSIDC                             | Haryana State Industrial Development Corporation   |
| HUF                               | Hindu Undivided Family   |
| Issue Closing Date                | The date on which the issue closes for subscription from the public.   |
| Issue Opening Date                | The date on which the issue opens for subscription by public.  |
| Issue Period                      | The period between the Issue Opening Date and Issue Closing date and includes both these dates.                              |
| Issue Price                       | The price at which the Equity Shares will be issued by the Company under this Prospectus                                     |
| Issuer/Company/Crew BOS           | Crew B.O.S. Products Limited   |
| IT Act                            | Income Tax Act, 1961   |
| Lead Manager/LM                   | Lead Manager to the Issue, UTI Securities Limited  |
| Memorandum                        | Memorandum of Association of Crew B.O.S. Products Limited  |
| MF                                | Mutual Funds   |
| NAV                               | Net Asset Value  |
| NRI(s)                            | Non-Resident Indian (s)  |

|                 |   |
|-----------------|---|
| NSDL            | National Securities Depository Limited  |
| NSE             | The National Stock Exchange of India Limited  |
| PAN             | Permanent Account Number  |
| PAT             | Profit After Tax  |
| PBDT            | Profit Before Depreciation and Tax  |
| PBIDT           | Profit Before Interest, Depreciation and Tax  |
| PBT             | Profit Before Tax   |
| WOS             | Wholly owned subsidiary   |
| RBI             | Reserve Bank of India   |
| Registrars      | Registrar to the Issue  |
| ROC             | The Registrar of Companies, NCT of Delhi & Haryana at New Delhi   |
| SEBI            | Securities and Exchange Board of India  |
| SEBI Act        | Securities and Exchange Board of India Act, 1992 as amended from time to time   |
| SEBI Guidelines | Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (DIP) GUIDELINES, 2000. |
| Stock Exchanges | BSE and NSE   |

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**RISK ENVISAGED BY MANAGEMENT & MANAGEMENT PROPOSAL (MP) THEREOF:**

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and you may lose all or part of your investment.

**A. RISKS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:**

1. The Company is promoted by first generation entrepreneurs and the investors will be subjected to all consequential risk associated with such ventures.

**MP:** Mr. Tarun Oberoi and Mr. Robin Bartholomew have been managing the company successfully for over a decade. The company has professionals in key areas of Production, Marketing and Finance.

2. Apart from the expansion project proposed to be funded by the IPO, the company is also in the process of setting up the following:

- A project for finishing leathers at Manesar aggregating Rs.919.63 lacs funded by term loan from HSIDC and internal accruals and
- A wholly owned subsidiary at Italy aggregating Rs.137.31 lacs funded through internal accruals.

The company has not placed orders for plant and machinery and other fixed assets aggregating Rs. 93.81 lacs for the Manesar project. Of this Plant & Machineries worth Rs. 47.64 lacs have to be imported. Any weakening of the rupee against the respective foreign currency may increase the cost of machinery.

Any delay in the implementation of these projects would result in cost overrun and would affect the financials of the company and could also affect the proposed expansion project to be funded through the IPO.

**MP:** The Company has already invested Rs.335.84 lacs in the project at Manesar and Rs. 12.49 lacs for the WOS in Italy till 14-07-2004. The implementation of these projects is as per original schedule and commencement of production is expected on time. The provision for cost overrun and escalation is made in the project cost. In case of any cost overrun, the company shall invest the funds from its internal accruals. The company has sufficient export earnings in foreign currency and therefore it is a natural hedge against any exchange rate fluctuation. Any increase in cost of machinery due to exchange rate fluctuation shall be met out of internal accruals of the company.

3. The Company has not yet placed orders for any of the machinery and equipment required for proposed expansion project to be funded by the IPO for which an amount aggregating Rs 533.91 lacs has been included in the cost of project.

**MP:** The Company has already received quotations from the suppliers and the orders shall be placed after the completion of construction of building for the proposed project.

4. One of the Group concern viz. Ideas India, a partnership firm of the promoters, has been in the same line of business of Crew BOS, which may create a conflict of Business interest.

**MP:** The promoters of Crew BOS being partners of M/s. Ideas India have decided to convert Ideas India into a Company. Accordingly, Ideas India has been converted into Crew Home Products Private Ltd. under Part IX and the same shall be converted into a wholly owned subsidiary of the Company by transfer of the shares by all the members in favour of Crew BOS at book value. The necessary steps have been initiated towards this end.

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5. Crew Trade Post Pvt Ltd. (CTPL) an associate company, with trading/consultancy in leather and leather related products as its main business activity, may create conflict of business and a possible shift of business from the company.

**MP:** CTPL was incorporated in January 2001 with the objective of trading/consultancy in leather and leather related products. However, CTPL has not commenced its trading operations till date and does not plan to undertake any leather related business in future

6. The Company's investment in Italy project of Rs. 137.31 Lacs is funded from internal accruals. This being their first overseas venture may result in unforeseen circumstances having an impact on the operations of the Company.

**MP:** The Company has already developed business connections in Italy over a period of time. The Management is confident that it will be able to succeed in Italy by value addition through the 'Made in Italy' brand.

7. The Company proposes to set up a retail outlet in Gurgaon for retailing its products under its own brand name.

- The Company is a new entrant in the retail segment and has no experience in the retail marketing. The Company does not have any established brand name hence the future growth of the Company from retailing will depend on establishment of the Brand.
- The Company is yet to identify the location for the proposed retail outlet and yet to apply for registration for the same under Shops and Establishment Act and the Sales Tax Act.

**MP:** The company has been marketing its products in the international market for more than a decade. It has in-house designing capabilities and manufacturing facilities in all fashion accessories products. The company is in the process of finalizing the brand name for the retail business.

The Company proposes to open a retail outlet in Gurgaon, which is a part of National Capital Region (NCR) of Delhi. Gurgaon is a fast upcoming town neighboring Delhi and a number of new shopping malls are coming up there. The Company will be able to take a retail outlet on rent in any of the upcoming mall. The Company shall apply to appropriate authorities for registration once it acquires the premises.

#### 8. **Litigations:**

Certain workers of the Company, aggregating six in number, whose services have been terminated, have served notices of demand under sections 2(A) and 2(K) of the Industrial Disputes Act, 1947 on the Company for reinstatement with full back wages, dues and consequential benefits. The above demand notices state that the termination of services have been done wrongly, illegally and in violation of principles of natural justice. The Government of Haryana has, under section 10(1) of the Industrial Disputes Act, 1947, referred these notices to the Industrial Tribunal. The financial impact of the above notices cannot be quantified at this stage.

**MP:** The workers were absent from duty and did not reply to the show cause notices issued by the company. All the six cases against the Company are continuing in the Industrial Tribunal, Government of Haryana and the decision in the said matter is awaited.

9. Company's manufacturing activities are highly labour intensive and dependant on availability of skilled and unskilled labourers in large numbers. Labour intensive operations call for good monitoring and maintenance of relations. Non-availability of labourers and/or any dispute between the labour and management may affect the business operation of the company.

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**MP:** The Company has been handling the labour and related issues efficiently and this has contributed to the smooth functioning of the operations. The Company is conscious about the need for introducing more automation in the operations. The existing belt plant and the finishing leather plant under implementation at Manesar are automated and the labour requirement is comparatively less.

10. The Company is a part of the fashion accessory industry & needs to keep abreast with the rapid changes in buying habits, buyers' requirements and fashion trends.

**MP:** Company's in house design cell is led by the Managing director, Mr. Tarun Oberoi. The team subscribes to various magazines, visits international fairs and seminars on a regular basis for vital inputs about the latest trends in fashion. The Company has set up a wholly owned subsidiary in Italy, which will further assist in keeping pace with the rapid changes in fashion industry.

11. The Company has not made application for additional power requirement estimated at 340 KVA for the expansion project.

**MP:** The Company shall apply to Haryana Vidyut Power Nigam (HVPN) for the required power after the building construction is completed. As alternative backup arrangement, the Company proposes to acquire a 380KVA generator.

12. The proposed project is mainly funded by Public Issue, any delay in raising funds from the public issue may delay in implementation of the project, which may have an adverse impact on the performance of the Company.

**MP:** The company has made a contingency provision of Rs.90.17 lacs in the project cost for cost escalation. The existing operations of the Company are profitable and the company shall meet any further unforeseen cost escalation from internal accruals.

13. Pending utilization in the project, the proceeds of the issue will be invested in non-productive assets such as Govt. Securities and Bank Deposits in short and medium term. This deployment may not result in adequate returns for the company.

14. While the project has been appraised by UTI Securities Limited, the appraising agency has no financial stake in the project. Further, there will be no monitoring of the project by any institution.

**MP-** The management of the Company has experience in implementing similar projects in the past. The Company will ensure judicious deployment of funds as per the project implementation schedule.

15. The Company is yet to apply to Haryana Pollution Control Board (HPCB) for the necessary environmental clearances for the proposed project.

**MP** – The application for the necessary environmental clearance can be made only after completion of the civil works and installation of the required Plant & Machinery. The Company shall apply for the consent from HPCB after the said work is completed. Further, the company does not envisage any difficulty in obtaining the necessary environmental clearances.

16. The interest rates on term loans availed by the company is significantly higher than the prevailing market rate. In a soft interest rate scenario, the company's margins will be affected due to its higher cost of borrowing.

**MP** – The terms loans outstanding as on 31-03-2004 amounts to Rs.269.19 lacs. The average cost of borrowing works out to 12.82% p.a. All the loans are at the prevailing rate of interest barring Building and Plant & Machinery term loans sanctioned @ 15% p.a.

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(28.23 lacs) and 14% p.a. (50.97 lacs) respectively from Karur Vysya Bank. The company has made applications to its bankers for reduction in the interest rates on their borrowings. Since the amount of loan is small, the the adverse effect on company's margins will not be significant.

17. The contingent liabilities of the company as on 31.03.2004 as certified by the auditors are as follows:

|  | <b>Rs. in lacs</b> |
|--|--------------------|
| Guarantees given by Bankers            | 22.50              |
| Corporate Guarantee for Sister Concern | 215.00             |
| Capital Commitments                    | 235.71             |
| Bond Given to Excise authorities       | 562.52             |
| Letter of credit established by bank   | 185.88             |

Crystallization of any of the above liabilities may require the company to honour the demands, if any, which may adversely impact the company's liquidity and thereby have material adverse impact on the financial resources and network.

**MP:** The contingent liabilities are in the normal course of business and the company does not perceive the possibility of any of the liabilities being crystallized.

#### **EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY**

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

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

2. The Company currently benefits from the various income tax exemptions and deductions, which are applicable for companies having export income. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase the Company's future tax liabilities and reduce the profits of the Company in future.

**MP:** The phased elimination of tax benefits by Government of India would not affect the Company adversely as two of Company's units are 100% Export Oriented Units (EOUs), which are entitled to exemptions in income tax, sales tax, excise and customs duties till the year 2010.

3. The value of the USD has been depreciating vis—vis the Indian Rupee resulting in decrease in the profit margins in export sales.

**MP:** The Company's turnover is evenly distributed between Europe & America and this will negate the downward fluctuation in dollar. The European currencies namely the Euro and the GBP have appreciated vis-a-vis the Indian rupee. The appreciation in European currencies has offset the depreciation in the value of US\$ vis-a-vis the Indian Rupee. Further, the company is venturing into the domestic retail segment, which will have no exchange risk.



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- Certain international social groups have been campaigning to restrict the import of leather products made out of Indian bovine material until their demand of humane treatment to these animals during transportation is resolved to their satisfaction.

**MP:** The Company manufactures and exports fashion accessories made out of leather and other raw materials such as textiles and synthetic fabrics like PU, PVC, Nylon etc. In case of any unforeseen restrictions, the Company would import more quantities of leather and procure lesser quantity from India. Since the imports of leather are duty free, the cost impact would be minimal. Alternatively, the company may shift to other raw materials such as fabrics, metal, wood, etc. Also, the council for leather exports has taken a number of steps proposed by the social group for improvement in treatment to animals during transportation in the country.

- Terrorist attacks and other acts of violence or war involving India and other countries where the Company sells its products could adversely affect the Company's business.

**MP:** Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001 and other acts or violence or war may negatively affect the Indian markets where the Equity Shares of the Company will trade. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately affect the Company's business, financial conditions and results of operations. Also as a result of such events, India, or certain other countries may enter into armed conflict with other countries. The consequences of any potential armed conflicts are unpredictable, and the Company may not be able to foresee events that could have a material adverse effect on its business, financial condition or results of operations.

#### **NOTES**

- Pre-issue Net worth of the Company as on 31<sup>st</sup> March 2004 is Rs. 1338.30 lacs.
- Size of the present issue - Public issue of 40,00,724 equity shares of Rs. 10/- each for cash at premium of Rs. 25/- per share aggregating Rs. 1400.25 Lacs.
- Average cost per share of Crew BOS to the promoters is Rs. 0.034. The Book Value per share as on 31<sup>st</sup> March 2004 is Rs.19.12.
- Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with The Stock Exchange, Mumbai, the Designated Stock Exchange.
- The investors may contact the Lead Manager or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same.
- Applicants are advised to refer to the paragraph on "Basis of Offer Price" mentioned in the Prospectus before making an investment decision in respect of this Offer.
- Since inception, the company has issued 69,75,273 bonus shares by capitalisation of free reserves, out of which, Mr. Tarun Oberoi and Mr. Robin Bartholomew, promoters have been allotted 31,99,285 and 10,81,824 bonus shares respectively.
- Diminution in value of quoted investments: The book value of quoted investments is Rs. 2.79 lacs, whereas the market value of the quoted investments as on 31-03-2004 is Rs. 2.09 lacs.
- All information shall be made available by the Lead manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

10. Related party transactions are given below:

| Name of the Party                      | Nature of relationship   | Nature of transaction       | Amt. In Rs. lacs |        |        |
|--|--------------------------|-----------------------------|------------------|--------|--------|
|  |                          |                             | FY 02            | FY 03  | FY 04  |
| La Tatva S.r.l., Italy                 | Wholly Owned Subsidiary  | Capital Contribution        | —                | —      | 5.69   |
|  |                          | Loans & Advances            | —                | —      | 4.45   |
| Ideas India                            | Associated Enterprise    | Sample Development Income   | 3.18             | 7.35   | —      |
|  |                          | Sample Development Expenses | 10.21            | 1.56   | 1.29   |
|  |                          | Guarantees Issued           | 140.00           | 165.00 | 215.00 |
|  |                          | Fabrication exp             | —                | —      | 15.39  |
| Jodhpur Supply company                 | Associated Enterprise    | Purchases                   | —                | 8.62   | —      |
|  |                          | Sample Development Expenses | 2.49             | —      | —      |
| Crew Concepts and Technology Pvt. Ltd. | Associated Enterprise    | Consultancy charges         | 2.70             | —      | 3.97   |
|  |                          | Software Development        | —                | 6.49   | —      |
|  |                          | Outstanding Receivable      | 0.22             | 1.23   | —      |
| Joywin Systems Pvt. Ltd.               | Associated Enterprise    | Professional Charges        | —                | —      | 5.10   |
| Mr. Tarun Oberoi                       | Key Management personnel | Directors remuneration      | 11.70            | 7.49   | 11.64  |
| Mr. Robin Bartholomew                  |                          | Directors remuneration      | 7.20             | 7.20   | 8.28   |
| Mr. Puneet Nikore                      |                          | Directors remuneration      | —                | —      | 1.50   |

11. The Company has issued 6975273 equity shares of Rs 10/- each as Bonus Shares by capitalization of free reserves as detailed below:

| Date of allotment | No of shares   | Ratio   |
|-------------------|----------------|---------|
| 23.02.98          | 72009          | 3:1     |
| 31.03.01          | 384048         | 4:1     |
| 20.05.03          | 1440180        | 3:1     |
| 30.09.03          | 5079036        | 2.645:1 |
| <b>Total</b>      | <b>6975273</b> |         |

#### Highlights:

- Existing, profit making company since inception and dividend paying since 1993.
- Company has diversified range of fashion products made from fabrics and leathers.
- The Company has received the award for highest export turnover of leather goods by the Council of Leather Exports in the category of US\$ 1 million to US \$ 5 Million for the financial year 2001-02.
- The company exports to known customers in USA and Europe who have significant presence all over the globe. The list of top buyers include: GAP, Banana Republic, Chico's, NEXT, ESPRIT etc.

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## PART – I

### 1. GENERAL INFORMATION:

## CREW B.O.S. PRODUCTS LIMITED

(Incorporated as Motherson Unimetex Pvt. Ltd. on 30<sup>th</sup> December 1988 at New Delhi, the name was changed to Crew B.O.S. Products (P) Ltd on 26<sup>th</sup> February 1992 and converted into a Public Limited company on 10<sup>th</sup> November 2003.)

**Registered Office:** M-16, 1<sup>st</sup> Floor, Commercial Complex, Greater Kailash II, New Delhi- 110 048  
Tel: 011-55604593 Fax: 011-55604594

**Corporate Office:** 199, Udyog Vihar, Phase I, Gurgaon, Haryana -122016.

Tel: 0124-2439400 Fax: 0124-5005011

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### AUTHORITY FOR THE PRESENT ISSUE:

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of Equity Shares has been authorized vide Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on 9<sup>th</sup> December 2003 and a resolution passed by the Board of Directors on 27<sup>th</sup> November 2003.

### GOVERNMENT/STATUTORY APPROVALS:

The company has received the following Government approvals/licenses/permissions:

1. Registration of its unit no 172 as EOU under NSEZ vide registration no 9-70/2000 dated 18/10/2000.
2. Permission to maintain a bonded warehouse at vide license no CUS/GGN/25 dated 09/05/2001.
3. Registration of its unit no 172 under central excise vide registration no AAA CC 3222 FXM003
4. Sanction of additional location for the EOU at 417, Udyog Vihar, Phase III dated 10/10/2002
5. Permission to maintain a bonded warehouse at unit no 417 vide license no CUS/GGN-II/38 dated 09/12/2002
6. Registration of its unit no 417 under central excise vide registration no AAA CC 3222 FXM002
7. Sales Tax Registration under Central Sales Tax Act for unit no 172 & 417 vide no GRE/CST/1821701.
8. Registration under VAT for unit no 172 & 417 vide registration no 06021821701
9. Importer-Exporter Code No. 0592047989 allotted by Deputy Director of Foreign Trade Ministry of Commerce Government of India
10. Permanent Account No AAA CC 3222F allotted by Director of Income Tax (Systems) New Delhi.
11. Registration of Industrial Entrepreneur's Memorandum by the Secretariat for Industrial assistance, Ministry of Industry & Commerce
14. Registration under Employees Provident Fund vide registration Nos. HR/8260, HR/25079 and HR/25080 for unit no, 199, 172 & 417 respectively
15. Registration under Employees State Insurance Fund and Miscellaneous Provisions Act vide registration Nos. 13/23577, 13/27585 and 13/27852 for unit no, 199, 172 & 417 respectively.
16. Registration of its unit no 199 under central excise vide registration no AAA CC 3222 FXM001.
17. Sales Tax No Registration under Central Sales Tax Act, 1956 for unit no 199 vide no GRE/HGST/1818489.
18. Registration under VAT for unit no 199 vide registration no 06041818489
19. Green card for EOU Unit nos.172 & 417.

**GOVERNMENT APPROVALS NOT YET APPLIED FOR:**

| Approval / Consent  | Agency                                   |
|---|--|
| Additional power requirement estimated at 340KVA for the expansion project. | Haryana Vidyut Power Nigam (HVPN)        |
| Registration under Shops and Establishment Act                              | Labour Department, Government of Haryana |
| Environmental clearance for the proposed project                            | Haryana Pollution Control Board          |

The Company has received all the necessary consents, licenses, permissions and approvals from the Government/ RBI and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the Proposed business of the Company except the above approvals. It must, however, be distinctly understood that in granting the above consents/licenses/permissions/approvals, the Government 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.

**PROHIBITION BY SEBI:**

The Company, its directors, any of the Company's Associates or Group Companies, and companies with which the directors of issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI. 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:**

The Company is fulfilling the criteria of eligibility Norms for Public issue by Unlisted Company as Specified in the Clause 2.2.1 of SEBI (Disclosure and Investor Protection) Guidelines 2000 in the following manner:

- i. The Company has a Pre-issue net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each).

| Financial Year     | Rs. in lacs |           |           |           |           |
|--------------------|-------------|-----------|-----------|-----------|-----------|
|                    | 1999-2000   | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 |
| Share Capital      | 9.60        | 48.01     | 48.01     | 48.01     | 699.93    |
| Reserves & Surplus | 432.28      | 510.73    | 747.60    | 1005.76   | 686.39    |
| Net worth          | 439.07      | 556.87    | 794.67    | 1053.77   | 1338.30   |

- ii. The Company has a track record of distributable profits in terms of section 205 of Companies Act, for at least three (3) out of immediately preceding five (5) years.

| Financial year   | Rs. in lacs |           |           |           |           |
|------------------|-------------|-----------|-----------|-----------|-----------|
|                  | 1999-2000   | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 |
| Profit after tax | 130.41      | 130.67    | 256.78    | 323.16    | 414.66    |

- iii. The Company has a Net Tangible asset of at least 3 Crores in each of the preceding 3 full years (of 12 month each) and the monetary assets of the company in the last 3 years are less than 50% of the net tangible assets:

| Financial Year                         | Rs. in lacs   |                |                |                |                |
|--|---------------|----------------|----------------|----------------|----------------|
|  | 1999-2000     | 2000-2001      | 2001-2002      | 2002-2003      | 2003-2004      |
| Fixed Assets (Net)                     | 285.98        | 421.94         | 603.27         | 846.33         | 1300.72        |
| Current Assets, Loans & Advances       | 688.47        | 1125.86        | 2448.92        | 2470.91        | 2384.26        |
| Trade Investments                      | -             | -              | -              | -              | 5.68           |
| Less: Current Liabilities & Provisions | 163.24        | 278.63         | 676.11         | 623.51         | 808.62         |
| <b>Net Tangible Assets</b>             | <b>811.21</b> | <b>1269.17</b> | <b>2376.08</b> | <b>2693.73</b> | <b>2882.04</b> |
| <b>Monetary Assets</b>                 | <b>89.47</b>  | <b>41.18</b>   | <b>136.37</b>  | <b>237.01</b>  | <b>173.44</b>  |

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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).

- iv. The issue size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per last available audited accounts, either at the time of filing Prospectus with SEBI or at the time of opening of the issue.

## **DISCLAIMERS**

### **SEBI DISCLAIMER CLAUSE**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENTS 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 FOR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGERS, UTI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, UTI SECURITIES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 16, 2004 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

- i. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS/LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- ii. **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.**

### **WE CONFIRM THAT:**

- a. **THE OFFER DOCUMENT 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 AND ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- c. **THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE**
- d. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;**

**THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 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 MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT.**

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#### **DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI**

As required, a copy of this prospectus has been submitted to the BSE (the Designated Stock Exchange). The Stock Exchange, Mumbai ("the Exchange") has given vide its letter dated 16<sup>th</sup> March, 2004 permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchange on which this Companies 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. BSE does not in any manner-

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this, offer document; or
- ii. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

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

#### **DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE)**

As required, a copy of this Prospectus has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has, given vide its letter dated 03<sup>rd</sup> May 2004 its permission to the Company. to use the Exchange's name in this Draft Prospectus as one of the Stock Exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it: 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 the Company, its promoter, its management or any scheme or project of the Company.

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

#### **JURISDICTION**

This offer is 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 authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trust registered under the societies registration act, 1860, or any other trust law and who are authorised their constitution to hold and invest in shares) and to NRIs and FIIs as defined under Indian laws. This prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation to such jurisdiction. Any person into whose possession this offer document comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this offer will be subject to the jurisdiction of appropriate courts. 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 its observations and SEBI has given its observations and the final document has been filed with ROC as per the provisions of Companies 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 Crew B.O.S. Products Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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## **DISCLAIMER FROM THE ISSUER**

Investors may note that Crew B.O.S. Products Limited accepts no responsibility for statements made other than in this prospectus or in the advertisement or any other material issued by or at the instance of the issuer company or lead manager and that any one placing reliance on any other source of information would do so at their own risk

## **FILING**

1. Copy of this Prospectus, along with the documents required to be filed under Section 60 of the Act having attached thereto, has been delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.
2. Copy of the Prospectus has been filed with SEBI, New Delhi

## **LISTING**

Initial listing applications have been made to The Stock Exchange, Mumbai (Designated Stock Exchange) and The National Stock Exchange for permission to list the Equity Shares and for an official quotation of the equity shares of the Company.

In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 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 expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

## **UNDERTAKING FROM PROMOTERS AND DIRECTORS**

THE ISSUER ACCEPTS FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN IN THIS PROSPECTUS AND CONFIRMS THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE ANY STATEMENT IN THIS OFFER DOCUMENT MISLEADING AND THEY FURTHER CONFIRM THAT THEY HAVE MADE ALL REASONABLE INQUIRIES TO ASCERTAIN SUCH FACTS. THE ISSUER FURTHER DECLARES THAT THE STOCK EXCHANGES TO WHICH AN APPLICATION FOR OFFICIAL QUOTATION IS PROPOSED TO BE MADE DO NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THIS OFFER OR FOR THE PRICE AT WHICH THE EQUITY SHARES ARE OFFERED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENT.

THE PROMOTERS/DIRECTORS DECLARE AND CONFIRM THAT NO INFORMATION/MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS PROSPECTUS HAS BEEN SUPPRESSED, WITHHELD AND/OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT OF TIME TILL ALLOTMENT/REFUND, AS THE CASE BE, THAT ANY INFORMATION/MATERIAL HAS BEEN SUPPRESSED/WITH HELD AND/OR AMOUNTS TO A MIS-STATEMENT/MIS-REPRESENTATION, THE PROMOTERS/DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL THE SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

## **CORPORATE GOVERNANCE**

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company immediately upon Listing of its Shares on the various stock exchanges. The Company undertakes that it shall take necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon listing of shares. The Company has already constituted Audit Committee and is taking steps to constitute other necessary committees as per the requirements of revised guidelines.

The following are the members of the Audit Committee:

- 1) Mr. Deepak Manchanda – Non Executive and Independent Director
- 2) Mr. Naveen Anand – Non Executive and Independent Director
- 3) Mr. Sameer Lakshman Katre – Non Executive and Independent Director

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## **IMPERSONATION**

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

**"Any person who-**

- (a) Makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or**
- (b) Otherwise induces a Company to allot or register any transfer of Shares therein to him or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

## **MINIMUM SUBSCRIPTION**

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per section 73 of the Companies Act 1956.

## **ISSUE OF ALLOTMENT LETTERS / 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 refund orders shall be dispatched within a period of 10 weeks and in case of any delay in refund, interest shall be paid at the prescribed rate under section 73(2) / 73(2A) of the Companies Act. 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.

In accordance with the Company Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment and transfer of Equity Shares will be made only in dematerialized form within 30 days from the issue closing date
- Dispatch of refund orders will be done with 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 transfer is not made, 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, pay-orders or demand drafts drawn on a bank appointed by the Company, as refund banker(s) and payable at par at places where application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the applicants.

## **ISSUE SCHEDULE**

**The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:**

|                        |          |                          |
|------------------------|----------|--------------------------|
| <b>Issue Opens on</b>  | <b>:</b> | <b>19th August, 2004</b> |
| <b>Issue Closes on</b> | <b>:</b> | <b>27th August, 2004</b> |



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**ISSUE MANAGEMENT TEAM:****LEAD MANAGERS TO THE ISSUE****UTI Securities Limited****SEBI Regn. No. INM000007458**

4<sup>th</sup> Floor, Merchant Chamber,  
41, Sir Vithaldas Thackersey Marg,  
New Marine Lines, Mumbai – 400 020.  
Tel: 91-22- 5667 0606 / 5667 0607  
Fax: 91-22- 2203 0165  
Email: crewbos@utisel.com

**REGISTRARS TO THE ISSUE****Skyline Financial Services Private Limited****SEBI Regn. No. INR000003241**

123, Vinoba Puri, Lajpat Nagar – II,  
New Delhi – 110024  
Tel: 91-11-29847136, 29833777  
Fax: 91-11-29848352  
Email: crew@skylinerta.com

**AUDITORS TO THE COMPANY****Anil K. Goyal & Associates,**

Chartered Accountants  
206, Siddharth Chambers, Hauz Khas,  
New Delhi - 110016

**BANKERS TO THE COMPANY****The Karur Vysya Bank Ltd**

Poonam Chambers, Bank Street  
Karol Bagh,  
New Delhi - 110005

**Citibank N.A.**

Jeevan Vihar, Parliament Street,  
New Delhi - 110001

**BANKERS TO THE ISSUE:****HDFC Bank**

B 6/3, Safdarjung Enclave  
DDA Commercial Complex  
Opp. Deer Park,  
New Delhi – 110 029.  
Tel: 91-11-51392151-61  
Fax: 91-11-51652283

**The Karur Vysya Bank Ltd**

Poonam Chambers, Bank Street  
Karol Bagh  
New Delhi – 110 005.  
Tel: 91-11-25767746 / 25712029  
Fax: 91-11-25729079

**Citibank N.A.**

Upper Ground Floor  
Himalaya House, 23, K.G. Marg  
New Delhi – 110 001.  
Tel: 91-11-23326152  
Fax: 91-11-23753524

**LEGAL ADVISOR TO THE ISSUE****Mr. Lalit Kumar, Advocate**

9-A, Atma Ram House, 1, Tolstoy Marg,  
New Delhi – 110 001  
Tel: 91-11-23311507 / 23314664 / 23355296-97

**COMPLIANCE OFFICER/COMPANY SECRETARY:****Mr. Pankaj Tewari**

Company Secretary  
Crew B.O.S. Products Ltd.  
199, Udyog Vihar, Phase -I  
Gurgaon- 122 016.  
Haryana.  
Tel: 91-124-2439400  
Fax: 91-124-5005011  
E-mail: pankaj.tewari@crewbos.com

**Investors are requested to contact the Compliance Officer in case of any pre issue / post issue related problems such as non-receipt of letter of allotment / share certificate / refund orders, non demat account credit, etc.**

**CREDIT RATING/DEBENTURE TRUSTEE**

This being equity issue no credit rating or appointment of Debenture Trustee is required

**UNDERWRITERS TO THE ISSUE**

Underwriting being optional, the Company does not propose to underwrite the issue.

## 2. CAPITAL STRUCTURE OF THE COMPANY:

| No of shares  | Nominal value (Rs.) | Aggregate Value (Rs.) |
|---|---------------------|-----------------------|
| <b>A. AUTHORISED CAPITAL</b>  |                     |                       |
| I. 115,00,000 Equity Shares of Rs 10/-Each  | 11,50,00,000        | 11,50,00,000          |
| II. 5,00,000 Preference Shares of Rs 10/ Each   | 50,00,000           | 50,00,000             |
| <b>B. ISSUED SUBSCRIBED &amp; PAID UP CAPITAL</b>   |                     |                       |
| 69,99,276 Equity shares of Rs 10/-Each fully Paid-up  | 6,99,92,760         | 6,99,92,760           |
| <b>C. PROPOSED ISSUE</b>  |                     |                       |
| 40,00,724 Equity shares of Rs.10/-each at premium of Rs.25 per share.                                 | 4,00,07,240         | 14,00,25,340          |
| <b>D. PROMOTERS CONTRIBUTION</b>  |                     |                       |
| 5,00,000 Equity shares of Rs.10/-each at premium of Rs.25 per share is towards Promoters contribution | 50,00,000           | 1,75,00,000           |
| <b>E. OFFER THROUGH THE OFFER DOCUMENT &amp; NET OFFER TO PUBLIC</b>                                  |                     |                       |
| 35,00,724 Equity shares of Rs 10/-each at Premium of Rs. 25 per share                                 | 3,50,07,240         | 12,25,25,340          |
| <b>F. PAID UP CAPITAL AFTER THE PRESENT ISSUE</b>   |                     |                       |
| 1,10,00,000 Equity Shares of Rs 10/-each fully paid up  | 11,00,00,000        | 21,00,18,100          |
| <b>G. SHARE PREMIUM ACCOUNT</b>   |                     |                       |
| Before the issue  |                     | 0                     |
| After the issue   |                     | 10,00,18,100          |

### NOTES FORMING PART OF CAPITAL STRUCTURE

#### A. Details of increase in Authorised Capital is as under –

| S. No | Particulars of increase          | Date of meeting | AGM/EGM |
|-------|----------------------------------|-----------------|---------|
| 1     | Rs. 5 lacs                       | Incorporation   |         |
| 2     | Rs 5 lacs to Rs 10 Lacs          | 06.06.91        | EGM     |
| 3     | From Rs 10 Lacs to Rs 50 lacs    | 30.09.99        | AGM     |
| 4     | From Rs 50 Lacs to Rs 300 lacs   | 29.04.03        | EGM     |
| 5     | From Rs 300 Lacs to Rs 1200 lacs | 30.09.03        | AGM     |

#### B. Equity Share Capital History of the Company

| Date of allotment/<br>Fully paid-up | No of shares   | Face Value Rs. | Issue Price Rs. | Value Rs. | Cumulative paid up capital (Rs.) | Consideration (Cash, Bonus, Kind, etc.) | Remarks               |
|-------------------------------------|----------------|----------------|-----------------|-----------|----------------------------------|---|-----------------------|
| MOA                                 | 3              | 10             | 10              | 30        | 30                               | Cash                                    | MOA                   |
| 27.3.90                             | 1000           | 10             | 10              | 10000     | 10030                            | Cash                                    | Allotted to promoters |
| 31.03.92                            | 22500          | 10             | 10              | 225000    | 235030                           | Cash                                    | Allotted to promoters |
| 31.03.93                            | 500            | 10             | 10              | 5000      | 240030                           | Cash                                    | Allotted to promoters |
| 23.02.98                            | 72009          | 10             | 10              | N.A.      | 960120                           | Bonus                                   | 3:1 Bonus             |
| 31.03.01                            | 384048         | 10             | 10              | N.A.      | 4800600                          | Bonus                                   | 4:1 Bonus             |
| 20.05.03                            | 1440180        | 10             | 10              | N.A.      | 19202400                         | Bonus                                   | 3:1 Bonus             |
| 30.09.03                            | 5079036        | 10             | 10              | N.A.      | 69992760                         | Bonus                                   | 2.645:1 Bonus         |
| <b>Total</b>                        | <b>6999276</b> | <b>10</b>      |                 |           |                                  |   |                       |

**C. Shares issued for consideration other than cash:**

All the shares have been allotted for cash except the bonus shares, which are issued out of free reserves.

**D. Promoter's contribution and Lock in period:**

The following shares shall be locked in for a period of three years as part of the promoter's contribution.

| Name of the promoter  | Date of allotment/<br>Fully paid-up       | Consideration<br>(Cash, Bonus,<br>Kind, etc.) | No of<br>shares  | Face<br>Value<br>Rs. | Issue<br>Price<br>Rs. | % of<br>post<br>issue<br>paid up<br>capital | Lock<br>in<br>Period * |
|-----------------------|---|---|------------------|----------------------|-----------------------|---|------------------------|
| Mr.Tarun Oberoi       | 30.09.03                                  | Bonus   | 12,55,010        | 10                   | 10                    | 11.41%                                      | 3 years                |
|                       | Promoter's<br>contribution<br>in the IPO  | Cash  | 2,13,750         | 10                   | 35                    | 1.94%                                       | 3 years                |
| Mr. Robin Bartholomew | 30.09.03                                  | Bonus   | 6,68,740         | 10                   | 10                    | 6.08%                                       | 3 years                |
|                       | Promoter's<br>contribution<br>in the IPO. | Cash  | 62,500           | 10                   | 35                    | 0.57%                                       | 3 years                |
| <b>Total</b>          |   |   | <b>22,00,000</b> |                      |                       | <b>20.00%</b>                               |                        |

\* The lock in period shall commence from the date of allotment of shares in the proposed public issue and the last date of the lock in shall be reckoned as three years from the date of allotment in the public issue.

Other than the above, the entire pre-issue capital of the Company and part of the shares allotted to promoters/Directors and associates in the present issue (as part of the promoters contribution) shall be locked in for a period of one year from the date of allotment of shares in the public issue.

**E. Shareholding and lock-in of Promoters and promoter group****Tarun Oberoi**

| Sr.<br>No    | Date of<br>allotment/<br>Transfer | Consideration   | No. of<br>shares<br>Allotted/<br>transferred | Face<br>Value<br>(Rs.) | Issue/<br>transfer<br>price | % of<br>post<br>issue<br>paid up<br>capital | Lock<br>in<br>*<br>(Years) |
|--------------|-----------------------------------|-----------------|--|------------------------|-----------------------------|---|----------------------------|
| 1            | 30.12.88                          | MOA             | 1  | 10                     | 10                          | 0.00  | 1                          |
| 2            | 27.03.90                          | Cash            | 500  | 10                     | 10                          | 0.00  | 1                          |
| 3            | 31.03.92                          | Cash            | 7500   | 10                     | 10                          | 0.07  | 1                          |
| 4            | 30.03.95                          | Cash (Transfer) | 4241   | 10                     | 10                          | 0.04  | 1                          |
| 5            | 23.02.98                          | Bonus           | 36726  | 10                     | —                           | 0.33  | 1                          |
| 6            | 31.03.01                          | Bonus           | 195872                                       | 10                     | —                           | 1.78  | 1                          |
| 7            | 24.12.02                          | Cash (Transfer) | 48006  | 10                     | 10                          | 0.44  | 1                          |
| 8            | 30.04.03                          | Cash (Transfer) | (74386)                                      | 10                     | 10                          | (0.68)                                      |                            |
| 9            | 20.05.03                          | Bonus           | 655380                                       | 10                     | —                           | 5.96  | 1                          |
| 10           | 30.09.03                          | Bonus           | 1056297                                      | 10                     | —                           | 9.60  | 1                          |
| 11           | 30.09.03                          | Bonus           | 1255010                                      | 10                     | —                           | 11.41                                       | 3                          |
| 12           | Proposed                          | Cash            | 213750                                       | 10                     | 35                          | 1.94  | 3                          |
| <b>Total</b> |                                   |                 | <b>3398897</b>                               |                        |                             | <b>30.90</b>                                |                            |

**Robin Bartholomew**

| Sr. No       | Date of allotment/ Transfer | Consideration   | No. of shares Allotted/ transferred | Face Value (Rs.) | Issue/ transfer price | % of post issue paid up capital | Lock in * (Years) |
|--------------|-----------------------------|-----------------|-------------------------------------|------------------|-----------------------|---------------------------------|-------------------|
| 1            | 21.03.90                    | Cash (Transfer) | 1                                   | 10               | 10                    | 0.00                            | 1                 |
| 2            | 31.03.92                    | Cash            | 7500                                | 10               | 10                    | 0.07                            | 1                 |
| 3            | 31.03.93                    | Cash            | 500                                 | 10               | 10                    | 0.00                            | 1                 |
| 4            | 30.03.95                    | Cash (Transfer) | 3760                                | 10               | 10                    | 0.03                            | 1                 |
| 5            | 23.02.98                    | Bonus           | 35283                               | 10               | —                     | 0.32                            | 1                 |
| 6            | 31.03.01                    | Bonus           | 188176                              | 10               | —                     | 1.71                            | 1                 |
| 7            | 24.12.02                    | Cash (Transfer) | (72009)                             | 10               | 10                    | (0.65)                          |                   |
| 8            | 30.04.03                    | Cash (Transfer) | (100003)                            | 10               | 10                    | (0.91)                          |                   |
| 9            | 20.05.03                    | Bonus           | 189624                              | 10               | —                     | 1.72                            | 1                 |
| 10           | 30.09.03                    | Bonus           | 1                                   | 10               | —                     | 0.00                            | 1                 |
| 11           | 30.09.03                    | Bonus           | 668740                              | 10               | —                     | 6.08                            | 3                 |
| 12           | Proposed                    | Cash            | 62500                               | 10               | 35                    | 0.57                            | 3                 |
| <b>Total</b> |                             |                 | <b>984073</b>                       |                  |                       | <b>8.95</b>                     |                   |

\* The lock in period shall commence from the date of allotment of shares in the proposed public issue

**F. Promoter Groups holding and their Lock in.****Crew Trade Post Private Limited**

| Sr. No       | Date of allotment/ Transfer | Consideration | No. of shares Allotted/ transferred | Face Value (Rs.) | Issue/ transfer price | % of post issue paid up capital | Lock in * (Years) |
|--------------|-----------------------------|---------------|-------------------------------------|------------------|-----------------------|---------------------------------|-------------------|
| 1            | 30.04.03                    | Transfer      | 74386                               | 10               | 10                    | 0.68                            | 1                 |
| 2            | 20.05.03                    | Bonus         | 223158                              | 10               | —                     | 2.03                            | 1                 |
| 3            | 30.09.03                    | Bonus         | 787004                              | 10               | —                     | 7.15                            | 1                 |
| 4            | Proposed                    | Cash          | 91250                               | 10               | 35                    | 0.83                            | 1                 |
| <b>Total</b> |                             |               | <b>1175798</b>                      |                  |                       | <b>10.69</b>                    |                   |

**Crew Concepts & Technology Private Limited**

| Sr. No       | Date of allotment/ Transfer | Consideration   | No. of shares Allotted/ transferred | Face Value (Rs.) | Issue/ transfer price | % of post issue paid up capital | Lock in * (Years) |
|--------------|-----------------------------|-----------------|-------------------------------------|------------------|-----------------------|---------------------------------|-------------------|
| 1            | 30.04.03                    | Cash (Transfer) | 100000                              | 10               | 10                    | 0.91                            | 1                 |
| 2            | 20.05.03                    | Bonus           | 300000                              | 10               | —                     | 2.72                            | 1                 |
| 3            | 30.09.03                    | Bonus           | 1058000                             | 10               | —                     | 9.62                            | 1                 |
| 4            | Proposed                    | Cash            | 107500                              | 10               | 35                    | 0.98                            | 1                 |
| <b>Total</b> |                             |                 | <b>1565500</b>                      |                  |                       | <b>14.23</b>                    |                   |

**Mrs. Rati Bartholomew**

| Sr. No       | Date of allotment/ Transfer | Consideration   | No. of shares Allotted/ transferred | Face Value (Rs.) | Issue/ transfer price | % of post issue paid up capital | Lock in * (Years) |
|--------------|-----------------------------|-----------------|-------------------------------------|------------------|-----------------------|---------------------------------|-------------------|
| 1            | 30.04.03                    | Cash (Transfer) | 3                                   | 10               | 10                    | 0.00                            | 1                 |
| 2            | 20.05.03                    | Bonus           | 9                                   | 10               | —                     | 0.00                            | 1                 |
| 3            | 30.09.03                    | Bonus           | 32                                  | 10               | —                     | 0.00                            | 1                 |
| <b>Total</b> |                             |                 | <b>44</b>                           |                  |                       | <b>0.00</b>                     |                   |

\* The lock in period shall commence from the date of allotment of shares in the proposed public issue

- G.** The equity shares held by persons other than Promoters prior to IPO which are locked in may be transferred to any other person holding shares which are locked in subject to the continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The equity shares held by the promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the equity shares held by promoters, which are locked in, may be transferred to and among promoter/promoter group or to a new promoter or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as collateral security for loans whenever availed by them from banks or financial institutions provided pledge of shares is one of the terms of sanction of loan.

- H.** The Company has issued 6975273 equity shares of Rs 10/- each as Bonus Shares by capitalization of free reserves as detailed below:

| Date of allotment | No of shares   | Ratio   |
|-------------------|----------------|---------|
| 23.02.98          | 72009          | 3:1     |
| 31.03.01          | 384048         | 4:1     |
| 20.05.03          | 1440180        | 3:1     |
| 30.09.03          | 5079036        | 2.645:1 |
| <b>Total</b>      | <b>6975273</b> |         |

- I.** Particulars of top ten shareholders as on 28-07-2004, the date of filing of the Prospectus with the Registrar of Companies:

| S. No.       | Name                                   | No. of Shares  | % of the paid up capital |
|--------------|--|----------------|--------------------------|
| 1            | Mr. Tarun Oberoi                       | 3185147        | 45.51%                   |
| 2            | Mr. Robin Bartholomew                  | 921573         | 13.17%                   |
| 3            | M/s Crew Trade Post (P) Ltd            | 1084548        | 15.49%                   |
| 4            | M/s Crew Concepts & Technology (P) Ltd | 1458000        | 20.83%                   |
| 5            | Mr. Puneet Nikore                      | 204120         | 2.92%                    |
| 6            | M/s Joywin Systems (P) Ltd             | 145844         | 2.08%                    |
| 7            | Mrs Rati Bartholomew                   | 44             | 0.00%                    |
| <b>Total</b> |  | <b>6999276</b> | <b>100.00%</b>           |

- J. Particulars of top ten shareholders as on 18-07-2004, 10 days prior to the date of filing of the prospectus with Registrar of Companies:

| S. No.       | Name                                   | No. of Shares  | % of the paid up capital |
|--------------|--|----------------|--------------------------|
| 1            | Mr. Tarun Oberoi                       | 3185147        | 45.51%                   |
| 2            | Mr. Robin Bartholomew                  | 921573         | 13.17%                   |
| 3            | M/s Crew Trade Post (P) Ltd.           | 1084548        | 15.49%                   |
| 4            | M/s Crew Concepts & Technology (P) Ltd | 1458000        | 20.83%                   |
| 5            | Mr. Puneet Nikore                      | 204120         | 2.92%                    |
| 6            | M/s Joywin Systems (P) Ltd.            | 145844         | 2.08%                    |
| 7            | Mrs Rati Bartholomew                   | 44             | 0.00%                    |
| <b>Total</b> |  | <b>6999276</b> | <b>100.00%</b>           |

- K. Particulars of top ten shareholders as on 28-07-2002 two years prior to the date of filing prospectus with ROC:

| S. No.       | Name                  | No. of Shares | % of the paid up capital |
|--------------|-----------------------|---------------|--------------------------|
| 1            | Mr. Tarun Oberoi      | 244840        | 51%                      |
| 2            | Mr. Robin Bartholomew | 235220        | 49%                      |
| <b>Total</b> |                       | <b>480060</b> | <b>100%</b>              |

- L. Pre and post issue shareholding pattern is as follows:

| Particulars                    | Pre-issue      | %           | Post-issue      | %              |
|--------------------------------|----------------|-------------|-----------------|----------------|
| Promoters and Promoter Group   | 6649312        | 95%         | 7124312         | 64.77%         |
| Directors and their associates | 349964         | 5%          | 374964          | 3.41%          |
| Public                         | Nil            | Nil         | 3500724         | 31.82%         |
| <b>Total</b>                   | <b>6999276</b> | <b>100%</b> | <b>11000000</b> | <b>100.00%</b> |

- M. Details of sale/ purchase / financing of shares by Promoters / Directors-

The promoters Group/Directors have not purchased and or sold /financed any shares of the company during the past 6 months.

- N. The company/Promoters/Director Lead Merchant Bank Managers have not entered in to buyback/standby or similar arrangements for purchase of securities issued by the company.
- O. The Promoters contribution has been brought in not less than the specified minimum lot of Rs.25,000/- per application from each Individual and Rs.1,00,000/- from Companies.
- P. The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
- Q. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying equity shares of or for a value of not more than Rs. 50,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for equity shares of or for a value more than Rs.50,000/- and corporate bodies/institutions etc. unsubscribed portion in either of these categories shall be added to the other category interchangeably.
- R. In the event of over-subscription allotment will be on proportionate basis (subject to minimum allotment being equal to the minimum application size) as detailed in para on "Basis of Allotment"
- S. 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 during finalisation of allotment.

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- T.** No single applicant can make an application for number of securities, which exceeds the net offer to the public.
  - U.** The Company has not revalued its assets since inception
  - V.** The Company has not issued any shares out of revaluation reserves or for consideration other than cash.
  - W.** There are no "bridge loans" from any bank taken by the company against the proceeds of the issue.
  - X.** There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.
  - Y.** There shall be only one denomination of the Equity shares of the Company, unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by the SEBI from time to time.
  - Z.** The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company goes in for acquisitions and joint ventures the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
  - AA.** No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made either by the Issuer Company or the promoters to the persons who receive firm allotments in the public issue.
  - BB.** The company has 7 members as on the date of filing the Offer document with ROC.

### **3. TERMS OF THE PRESENT ISSUE:**

#### **PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE**

The Equity shares now being offered are subject to the terms of this Prospectus, the Application Form and Memorandum and Articles of Association of the Company, the guidelines for listing of Securities issued by Government of India and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act 1956.

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 the 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 equity shares.

#### **Terms of Payment:**

The Applications should be for minimum of 150 equity shares and in multiples of 150 equity shares thereafter.

The amount payable is as under:

|                | <b>Share Capital<br/>In Rs.</b> | <b>Share Premium<br/>In Rs.</b> | <b>Total<br/>In Rs.</b> |
|----------------|---------------------------------|---------------------------------|-------------------------|
| On Application | 10.00                           | 25.00                           | 35.00                   |

Where an applicant is allotted lesser number of equity shares than he / she has applied for, the excess amount paid on application shall be refunded to applicant.

#### **INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS:**

Crew B.O.S Products Limited agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. Crew B.O.S Products Limited 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.

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## **RIGHTS OF THE EQUITY SHARE HOLDERS**

1. Right to receive dividend if declared.
2. Right to attend general meeting and exercise voting rights unless prohibited by law.
3. Right to vote either personally or by proxy.
4. Right to receive offer for rights shares and be allotted bonus shares.
5. Right to receive surplus on liquidation.
6. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956.

## **RANKING OF EQUITY SHARES**

The Equity Shares to be issued shall, subject to the Memorandum and Articles of Association of the Company, rank *pari passu* with all respects to the existing Equity Shares of the Company.

## **MARKETABLE LOT**

In terms of section 68B of the Companies Act, the Equity Shares of the company shall be allotted only in dematerialized form. In terms of existing SEBI guidelines, the trading in the Equity Shares of the company shall only be in dematerialized form for all investors.

Since trading of our Equity Shares is in dematerialized mode, the tradable lot is one equity share.

## **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the equity shares; or
- b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

## **PROCEDURE FOR APPLICATION AND MODE OF PAYMENT**

### **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 at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

### **Application may be made by**

- (a) Indian Nationals resident of India who are Adult Individuals in single name 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 the Shares



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- (d) Indian Mutual Funds registered with SEBI
  - (e) Indian Financial Institutions & Banks
  - (f) Venture Capital Funds / Foreign Venture Capital investors registered with SEBI
  - (g) State Industrial Development Corporation
  - (h) Insurance Companies registered with Insurance Regulatory and Development Authority;
  - (i) Provident Funds with minimum corpus of Rs.25 Crore;
  - (l) Pension Funds with minimum corpus of Rs.25 Crore;
  - (m) Trusts who are registered under the Societies Regulation Act, 1860 or any other trust law and are authorised under its constitution to hold and invest in shares
  - (n) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
  - (o) Permanent and Regular employees of the Company
  - (p) Non-Resident Indians (NRIs) on a repatriable/ non-repatriable basis
  - (q) Foreign Institutional Investors (FIIs) on a repatriable/non repatriable basis

**Applications not to be made by**

- a) Minors
- b) Foreign Nationals (except NRIs)
- c) Overseas Corporate Bodies (OCBs)
- d) Partnership firms or their nominees

**Subscription by NRIs/ FIIs**

The Company has made an application to the RBI for the issue of Equity Shares to NRIs/FIIs with repatriation benefits. Subject to obtaining such approvals, it will not be necessary for the investors to seek separate permission from the RBI for this specific purpose. However it is to be distinctly understood that there is no reservation and separate application forms for NRIs and FIIs and all NRI and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

The allotment of the Equity Shares to Non-Residents shall be subject to the FIPB/ RBI approval or any other requisite permission as may be necessary.

**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 form and are liable to be rejected if not so made.
2. The application for equity shares should be for a minimum of 150 equity shares and in multiples of 150 shares thereafter. An applicant in the public category can make an application only for a maximum of equity shares that are offered to the public.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8<sup>th</sup> 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 name of the applicant's Bank, type of account and account number must be filled in the Application Form. This is required for the applicants' own safety and these details will be printed on the refund orders, if any. Applications without these details would be treated as incomplete and are liable to be rejected.
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

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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. 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 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.

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.

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.

**Note:**

Applicants are requested to write their names and application serial number 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.

For further instructions, please read the Application Form carefully.

**B. PAYMENT INSTRUCTIONS (For Resident investors)**

1. Payment may be made 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 centres.
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 should be payable in the name of " CBPL – Public Issue" and crossed "A/C payee only".
4. The applications shall be made only by way of cash/ cheque/ demand draft/. However, 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.

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## **PAYMENT INSTRUCTIONS (For NRIs/FIIs on a repatriable basis)**

### **Application made by NRIs**

1. Application should be made only
  - i. in the names of individuals or in the names of FIIs but not in the names of minors, firms, partnerships, OCBs, foreign nationals or their nominees.
  - ii. with remittances from abroad for the amount payable on application per share through approved banking channels or out of funds held in Non-Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with banks authorised to deal in foreign exchange in India, along with the certificate from the bank issuing the draft confirming that the draft has been issued by debit to NRE / FCNR account.
2. Applications for the NRI category can be obtained from the Corporate Office of the company at 199, Udyog Vihar, Phase I, Gurgaon, Haryana – 122 016, or from the Lead Manager or Registrar to the issue.
3. The allotment of equity shares to NRIs shall be subject to RBI approval or any other requisite authority as may be necessary under the existing Exchange Control Regulation. The sale proceeds of such investment in equity shares by NRIs will be allowed to be repatriated along with the income thereon, subject to instructions from RBI then in force and subject to Indian Tax Laws, provided that the investments are made by inward remittance from abroad through approved banking channels or out of funds held in NRE / FCNR accounts maintained with a bank in India.
4. 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 US 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.
5. Applications in this category cannot be made out of NRO accounts and such applications would be rejected. Applications out of NRO accounts can, however, be made in the category of Resident Indian public.
6. All cheques / bank drafts accompanying the Application Form must be made payable to the CBPL - Public Issue- NRI" and crossed "Account Payee only".

### **FOR FURTHER INSTRUCTIONS REGARDING 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 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, the Lead Managers to the Issue.

Application Forms along with Bank Drafts payable at Delhi can also be sent by registered post with acknowledgement due to the Registrars to the issue, Skyline Financial Services Private Limited so that the same can be received before the closure of the subscription list.

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 right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered

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Post to the applicant. If the application 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.

**BASIS OF ALLOTMENT:**

In the event of public issue of equity shares being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment being equal to the minimum application size, i.e. 150 shares as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those individual applicants who have applied for Equity Shares of or for a value of not more than Rs.50,000/-. This percentage may be increased in consultation with the Designated Stock Exchanges 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 along with the post issue Lead Manager 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 Indian Public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for allotment of Equity Shares for a value of more than Rs.50,000/-.
3. The Unsubscribed portion of the net issue to any of the categories specified in (1) or (2) shall 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. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the applications where the proportionate allotment works out to less than 150 shares per applicant, the allotment shall be made as follows:
  - i. Each successful applicant shall be allotted a minimum of 150 securities; and
  - ii. The successful applicants out of the total applicants for that category shall be determined by drawl 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.
8. If the proportionate allotment to an applicant works out to a number that is more than 150 but is a fraction then for a fraction equal to or higher than 0.50 shall be rounded off to the next integer
9. If that fraction is lower than 0.50, the fraction shall be ignored.
10. All applicants in such categories shall be allotted shares arrived at after such rounding off.
11. If the shares allocated 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.
12. The balance shares if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
13. The process of rounding off to the nearest multiple of 1 may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10 % of the net offer to public.

**DESPATCH OF REFUND ORDERS**

Crew BOS shall ensure despatch 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. Crew BOS would also make available adequate funds to the Registrars to the Issue for this purpose.

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## **EQUITY SHARE IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Share of the Company can be held in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

Successful allottees in this issue will be compulsorily allotted Equity Shares in dematerialised form. In this context, two tripartite agreements have been signed between the company, the Registrar and the Depositories:

1. An agreement dated June 03, 2004 between the Company, NSDL and Skyline Financial Services Private Limited; and
2. An agreement dated June 03, 2004 between the Company, CDSL and Skyline Financial Services Private Limited.

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 DP for rematerialization 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. The Registrar to this Issue will directly send non-transferable allotment letters/ refund orders to the applicant.
6. If incomplete/ incorrect details are given under the heading 'Request for shares in electronic form' 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—vis those with his/ her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. 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 in dematerialised form only for all investors.

### **UNDERTAKING BY THE COMPANY:**

Crew BOS 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 equity shares are to be listed are taken within 7 working days of finalization of the 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 promoters' contribution in full shall be brought in advance before the issue opens for public subscription;
- e. that the certificates of the equity shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- f. that no further issue of equity shares 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, under-subscription, etc.

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## **UTILISATION OF OFFER PROCEEDS**

The Board of Directors certifies that -

- a. All monies received out of the issue of 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 Companies 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 separate head in the Balance Sheet of the Company indicating the form in which such unutilized monies have been invested;
- d. The utilization of monies received under promoters' contribution and reservations shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies out of the funds received under promoters contribution and reservations shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilized monies have been invested;

## **TAX BENEFITS TO THE COMPANY AND ITS MEMBERS**

M/s Anil K. Goyal & Associates, Chartered Accountants and the Auditors of the Company, have certified vide their letter dated 9<sup>th</sup> January 2004 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**

The company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act, 1961.

1. Under Section 32 of the Income Tax Act, 1961 the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.
2. Subject to compliance of certain conditions laid down in Section 35 (1) (iv) of the Income Tax Act, 1961 in respect of any capital Expenditure incurred other than the expenditure incurred on the acquisition of any land, on scientific research related to the business of the company to the extent of expenditure incurred.
3. Subject to Compliance of certain conditions laid down in section 80HHC of the Income Tax Act, 1961 the company will be entitled to the benefit of deduction from its total income chargeable to income tax, of an amount equal to 30% of Profits for Assessment year 2004-05, derived from the export of goods out of India, the proceeds where of are realized in convertible foreign exchange to the extent calculated in accordance with the Provisions of that section.
4. The Company has two facilities which are 100% Export-oriented units and which are eligible for exemption under section 10B of the Income Tax Act, 1961.
5. The Company may be liable to pay Income Tax on the Book profits Computed as per Section 115 JB of the Income Tax Act, 1961.

### **B. TO THE MEMBERS OF THE COMPANY**

1. Long Term Capital Gains arising on transfer (sale) of eligible equity share in a company purchased on or after 1.3.2003 and before 1.3.2004 and held for a period of 12 months or more is exempt from the assessment year 2004-05 and onwards. Eligible equity share is defined to mean any equity in a company allotted through a public issue on or after 1.3.2003 and listed in a recognized stock exchange in India before 1.3.2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
2. Under Section 10 (23D) of the Act, all Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, mutual funds set up by public sector bank or public financial institutions, or authorized by the Reserve Bank of India and subject to such conditions as may be notified by the Central Government will be exempt from income tax on any income.

3. Under Section 115AD of the Act, income received by Foreign Institutional Investor in respect of securities shall be taxed @ 20%. Income by way of Short term Capital Gains arising from the transfer of such securities shall be taxed @ 30%. Income by way of Long Term Capital Gains arising from the transfer of such securities shall be taxed @ 10%.
4. The Shares held in a Company are not liable to Wealth Tax under the Wealth Tax Act, 1957.
5. Section 10(34) provides that any income by way of dividends referred to in section 115 O i.e. dividend declared, distributed or paid by a domestic company, on or after 1.4.2003 is exempt in the case of all categories of assesses in relation to assessment year 2004-05 and subsequent years.

#### **C. ADDITIONAL BENEFITS AVAILABLE TO NON-RESIDENTS INDIANS**

Non-resident Indian have an option to be governed by the special provisions of Chapter XIIA of the Act according to which:

1. Under Section 115 G of the Act, it shall not be necessary for the Non-resident Indians to furnish their Return of Income, under Section 139(1) of the Income Tax Act if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII B has been deducted from such income.
2. The benefit conferred on a Non-resident Indian, assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the IT Act, to the effect that the provisions of Chapter XII A shall continue to apply to him in respect of investment income derived from Foreign Exchange asset vide Section 115 H of the Act, until the Transfer or conversion (otherwise than by transfer) into money of such assets.
3. Under Section 115 I of the Act a Non-Resident Indian, if he elects by so declaring in the return of his income for that assessment year not be governed by the above mentioned special provisions of chapter XII-A, then he will be entitle to tax benefits available to resident individuals.

#### **Gift Tax**

Gift tax is not applicable w. e. f 1<sup>st</sup> October 1998.

#### **4. PARTICULARS OF THE ISSUE:**

##### **OBJECTS OF THE ISSUE**

1. To finance expansion of the company's manufacturing facilities.
2. To set up a retail outlet
3. To meet the expenses of the issue
4. To list the equity shares of the company on the Stock Exchanges

The main objects clause of the Memorandum of Association of the Company enables the company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

##### **COST OF PROJECT AND MEANS OF FINANCE**

The cost of the project and means of finance as per the appraisal report of UTI Securities Ltd dated February 9,2004:

##### **COST OF PROJECT:**

|                |   |  |                      | <b>Rs. In lacs</b> |
|----------------|---|--|----------------------|--------------------|
| <b>Sr. No.</b> | <b>Particulars</b>                              | <b>Expansion - existing facilities</b> | <b>Retail outlet</b> | <b>Total</b>       |
| 1              | Building and Civil works                        | 408.00                                 | —                    | 408.00             |
| 2              | Plant & Machinery                               | 401.91                                 | —                    | 401.91             |
| 3              | Furnishing and fixtures & Misc. Fixed Assets    | 132.00                                 | 37.50                | 169.50             |
| 4              | Product launch and promotional costs            | —                                      | 26.00                | 26.00              |
| 5              | Provision for Contingency                       | 90.17                                  | —                    | 90.17              |
| 6              | Preoperative expenses                           | 47.00                                  | —                    | 47.00              |
| 7              | Public Issue Expenses                           | 70.00                                  | —                    | 70.00              |
| 8              | Margin Money for Working Capital                | 160.67                                 | —                    | 160.67             |
| 9              | Advance rent/Security Deposit for Retail Outlet | —                                      | 27.00                | 27.00              |
|                | <b>Total</b>                                    | <b>1309.75</b>                         | <b>90.50</b>         | <b>1400.25</b>     |

**MEANS OF FINANCE:**

| Particulars              | Amount (Rs. In Lacs) |
|--------------------------|----------------------|
| <b>Public Issue</b>      |                      |
| Promoter's contribution* | 175.00               |
| - Net offer to Public    | 1225.25              |
| <b>Total</b>             | <b>1400.25</b>       |

\*promoter's contribution has already been brought in.

Pending utilization in the project, the proceeds of the issue will be invested in Bank Deposits and/or Gilt Edged Government Securities, either directly or through Government Security based funds.

**APPRAISAL:**

The project has been appraised by UTI Securities Limited for the purpose of the IPO of Equity Shares; vide appraisal report dated February 09, 2004, which forms part of Material documents.

**DEPLOYMENT OF FUNDS IN THE PROJECTS AS ON JULY 14, 2004.**

The company has incurred an expenditure of Rs. 168.38 lacs as on 14-07-2004 in the proposed project. The Fund deployment in the Project and its Means of Finance have been certified by M/s Goel Mintri & Associates, Chartered Accountants vide their certificate dated 19-07-2004. The details are given below:

| Deployment of Funds   | Rs. Lacs      |
|---|---------------|
| Advances for building construction & site development & civil works | 145.96        |
| ROC & Statutory filing fees   | 6.47          |
| Fees paid to intermediaries for Issue Management                    | 5.34          |
| Due Diligence expenses for project appraisal                        | 2.28          |
| Travelling & Miscellaneous expenses                                 | 7.35          |
| Prospectus Audit Fee & certification                                | 0.98          |
| <b>Total</b>  | <b>168.38</b> |
| <b>Balance lying in the Current A/c of the company</b>              | <b>6.62</b>   |

| Sources of Funds   | Rs. Lacs      |
|--|---------------|
| Advance from promoters towards promoters contribution in the proposed IPO. | 175.00        |
| <b>Total</b>   | <b>175.00</b> |

The year wise break up of proposed deployment of fund is mentioned hereunder:

| Capital Expenditure                                 | Already Incurred | 2004-05                     |               |               |               | 2005-06        | Total |
|---|------------------|-----------------------------|---------------|---------------|---------------|----------------|-------|
|   |                  | 1 <sup>st</sup> & 2nd Qtrs. | 3rd Qtr.      | 4th Qtr.      | 1st Qtr.      |                |       |
|   |                  |                             |               |               |               |                |       |
| Building and Civil works                            | 145.96           | 30.30                       | 154.22        | 110.16        | —             | 440.64         |       |
| Plant & Machinery                                   | —                | —                           | 112.22        | 336.66        | —             | 448.88         |       |
| Furnishing and fixtures & Misc. Fixed Assets        | —                | 37.50                       | 42.77         | 99.79         | —             | 180.06         |       |
| Product launch and promotional costs                | —                | 26.00                       | —             | —             | —             | 26.00          |       |
| Preoperative expenses                               | 6.47             | 17.50                       | 13.03         | 6.00          | 4.00          | 47.00          |       |
| Public Issue Expenses                               | 15.95            | 54.05                       | —             | —             | —             | 70.00          |       |
| Margin Money for Working Capital                    | —                | —                           | —             | —             | 160.67        | 160.67         |       |
| Advance rent/Security Deposit for Showroom Premises | —                | 27.00                       | —             | —             | —             | 27.00          |       |
| <b>Total</b>  | <b>168.38</b>    | <b>192.35</b>               | <b>322.24</b> | <b>552.61</b> | <b>164.67</b> | <b>1400.25</b> |       |

**Note:** Proposed Deployment on Building & Civil Works, Plant & Machinery and Misc. Fixed Assets include Provision for Contingencies of Rs.90.17 lacs.



## 5. DETAILS ABOUT THE COMPANY:

### History & Background:

Crew B.O.S. Products Limited was incorporated on 30<sup>th</sup> December 1988 as "Motherson Unimetex Pvt Ltd" under the Companies Act, 1956. Its name was changed to Crew B.O.S. Products (P) Ltd on 26<sup>th</sup> February 1992. Further it was converted into Public Limited Company on 10<sup>th</sup> November 2003.

Crew BOS was originally promoted as "Motherson Unimetex Pvt Ltd" by Mr. Tarun Oberoi, Mr. V.C. Sehgal of Motherson Sumi Systems Limited and Mr. Nitin Sethi in the year 1988. Subsequently in 1991 Mr. Nitin Sethi resigned and Mr. Robin Bartholomew joined the Company as Promoter Director. During 1994, Mr. V.C. Sehgal also resigned from the Board of Directors due to his other business interest.

The company was originally incorporated with the object of manufacturing and dealing in automobile components and related activities. Later in 1989, the Company started manufacturing and exporting fashion bags and belts. The Company is currently engaged in manufacture and export of fashion accessories made from fabrics, leather, metal, wood etc. and operates from three facilities in Gurgaon for manufacturing various fashion products ranging from belts, bags, portfolios, business cases, footwear, wallets, boxes, furniture to home furnishings. The company exports its products to reputed customers in U.S., Europe, Australia etc.

Its operating revenue has grown from Rs. 1222.30 lacs in FY2000 to Rs. 5537.03 lacs in FY2004 at a CAGR of 46.54% and its Net profit grew from Rs. 130.41 lacs in FY2000 to Rs. 414.66 lacs in FY2004 at a CAGR of 33.53%. As at March 31, 2004, the networth of the Company was Rs. 1338.29 lacs. Crew BOS currently employees over 1600 personnel including 1400 contract labour.

**The registered office of the company is situated at M-16, First floor, Commercial Complex, Greater Kailash II, New Delhi – 110 048 and the same is a rented premises.**

### Changes in Registered office:

| Place of Registered Office   | Shifted to  | Date of Change | Reason                         |
|--|---|----------------|--------------------------------|
| B-96, Defence Colony, New Delhi – 110024                                   | Oberoi Farms, Village Asola, Fatehpur Beri, Mehrauli, New Delhi – 110 030   | 01.12.1995     | Sale of premises               |
| Oberoi Farms, Village Asola, Fatehpur, Beri, Mehrauli, New Delhi – 110 030 | M-16, 1st Floor, Commercial Complex, Greater Kailash II, New Delhi - 110048 | 01.11.2003     | Shifted from residential area. |

### Major events in the history of the Company is given below:

| Year | Event  |
|------|--|
| 1988 | Commenced business by exporting automobile components.   |
| 1989 | Commenced manufacture and exports of Fashion Belts & Ladies Bags in New Delhi  |
| 1992 | Added Men's Bags & Wallets in the range of products for exports.   |
| 1994 | Shifted manufacturing operations from New Delhi to Gurgaon, Haryana.   |
| 1995 | Purchased factory land & constructed the factory at 199, Udyog Vihar, Phase I, Gurgaon, Haryana.   |
| 1996 | Import of mechanized belt plant, there by increasing capacity for manufacture of belts   |
| 1997 | Import of further machinery to increase manufacturing capacity of bags   |
| 1998 | Diversified the product lines to manufacture & export home products  |
| 2000 | Purchased new factory located at 172 Udyog Vihar, Phase I, Gurgaon, Haryana to manufacture & export all kinds of travel bags and related products.   |
| 2001 | Commenced production at 172, Udyog Vihar as a 100% EOU.<br><br>Rated by Council of Leather Exports as the top exporter from North India for the financial year 1999-2000 in the category of leather goods and accessories. |

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- 2002 Awarded by the Council of Leather Exports as largest exporter in the category of export of leather goods achieving a turnover of US \$ 1 million to US \$ 5 Million for the financial year 2001-02.
- 2003 Achieved turnover of over Rs.53 Crores, thereby registering a growth of 50% over previous year.  
Rented additional factory located at 417, Udyog Vihar, Phase III, Gurgaon, Haryana for manufacture and export of all kinds of bags and wallets.  
Commenced manufacture and export of fashion footwear during the year
- 2004 Incorporation of wholly owned subsidiary, '**La Tatva s.r.l.**' on 09-03-2004 in Milan, Italy.

**Main Objects of the Company:**

The main objects of the Company are reproduced below:

1. To carry on the business of manufacturing and trading including import and export of all kinds of fashion accessories made from leather, wood, metal, poly-urethane and fabrics including leather bags, portfolios, travel bags, wallets, leather garments and belts of all kinds, wearing apparel of leather and fabric, garments, textile, furniture.
2. To undertake manufacture, jobwork, finishing, re-finishing, modification and import, export in leathers of all kinds and in all forms whether raw, semi finished or finished.
3. To manufacture, import and export and trade in shoes and footwear of all kinds made from leather and non-leather materials.

Main object clauses of the company were changed from manufacture and dealing in automobile components and related activities to the above main object clauses on October 14, 2003 upon conversion into a public limited company.

**PRESENT BUSINESS OPERATIONS**

Crew BOS is engaged in manufacture and export of fashion accessories made from fabrics, leather, metal, wood, etc.

**Product range**

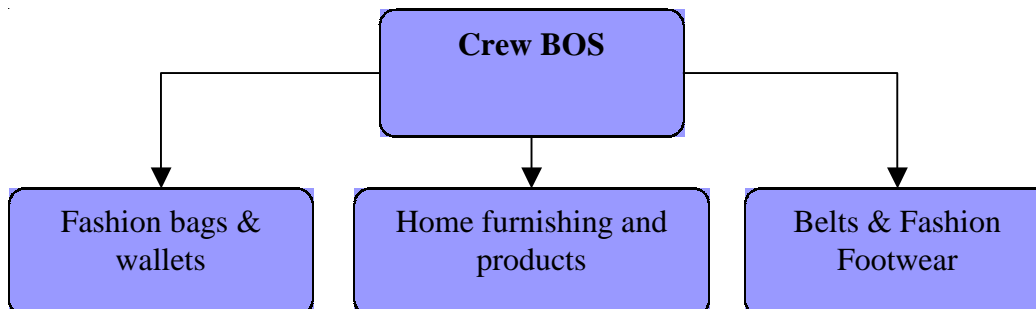
The Company has a wide range of products in the fashion accessory industry as given below:

- Fashion bags
- Wallets
- Portfolios, satchels, travel bags and accessories, Business bags
- Small goods like coin purses, chequebook folders, etc.
- Belts
- Hard goods including photo frames, leather boxes, trunks, candle stands, leather benches and lamps, etc.
- Fashion footwear
- Home products and stationery items
- Home furnishings and fabrics

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## Business Divisions

Crew BOS has, over the years, grown from being a fashion bag and belt manufacturer to a manufacturer of multiple products in the fashion accessories segment. The Company currently has the following divisions:



### Fashion bags and wallets division

This division manufactures fashion bags, both for ladies and men, in canvas, silk, nylon, PVC, PU and leather at its Unit located at 417, Udyog Vihar Phase III, Gurgaon, Haryana. This division also manufactures all kinds of travel bags and travel kits including portfolios, business cases, backpacks and school bags. The division has a capacity to manufacture around 2,000 bags per day.

The wallets and purses of all kinds for ladies and men's style are also manufactured in this unit. The wallets and purses are made using a variety of raw materials like silk cotton canvas, leather, man made materials, etc. The Turnover of the wallets division for the year ended March 31, 2004 has increased to Rs.535.38 lacs as compared to Rs.183.08 lacs during 12 months ended March 31, 2003.

### Home furnishing and products division

This division manufactures a wide range of products including organizers, desktop stationery items, compendiums, photo frames, leather boxes, trunks, lamps, candle stands, wall tiles, leather benches, etc in its Unit at 199, Udyog Vihar, Phase I, Gurgaon, Haryana. The division has witnessed demand from international and domestic customers who are now procuring their requirements from the division, which were earlier being procured mainly from Europe. The turnover of the division has grown to Rs.2215.78 lacs for the yearended March 31, 2004 as compared to Rs.569.32 lacs during 12 months ended March 31, 2003.

The company is also designing novelty fabrics in-house on looms installed in the factory. The fabrics are then made from outside and sold to various customers. The company uses leather with various alternates like wool, paper yarn, cotton and chenille etc. to design these fabrics.

### Belt and Fashion Footwear Division

The belt division of the company located at 172 Udyog Vihar, Phase I, Gurgaon, Haryana, is one of the modern units in India and uses completely mechanized processes for closing, edging and top finishing, thereby enabling an output of 2,500 belts per day. The Company manufactures woven belts made by traditional methods as well.

The fashion footwear division, which started manufacturing during 2003, is receiving good response from existing customers of the company. The unit has the capacity to manufacture up to 2,000 pairs per day.

### Brief Details about major Customers:

#### NEXT p.l.c.

NEXT PLC, UK has a retail chain of outlets spread throughout the world. The first NEXT store opened in February 1982 with an exclusive coordinated collection of stylish clothes, shoes and accessories for women. Currently, NEXT trades from over 330 stores in the UK and Europe and 49 stores overseas.

The total sale of the Company to Next in the year 2003-04 is Rs 1007.64 Lacs.

#### GAP Inc., USA

Gap Inc. was founded in 1969 with a single store and a handful of employees. Today, they are one of the world's largest specialty retailers with three recognized and respected brands in the apparel industry – Gap, Banana Republic and Old Navy. Gap Inc. has more than 4,200 stores in nearly 3,100 locations in the United States, United Kingdom, Canada, France, Japan and Germany.

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Gap buys bags, belts and wallets from the Company. The total sale of the Company to Gap in the FY 2003-04 is Rs.390.49 Lacs.

Banana Republic, USA. Since its beginning in 1978 in the United States, Banana Republic has grown from a purveyor of safari-inspired clothing with two stores and a catalog into one of the nation's largest apparel retailers.

The total sale of the Company to Banana Republic in the year 2003-04 is Rs 344.28 Lacs.

#### **Chico's, USA**

Established in 1983, Chico's began in a small store selling Mexican folk art and cotton sweaters. Currently Chico's have over 418 stores nationwide. It designs, sources & retails unique brands of women's sophisticated, casual clothing predominantly and related accessories.

The total sales of the Company to Chico's in the year 2003-04 are Rs 900.44 Lacs.

### **GROUP/ASSOCIATE COMPANIES AND OTHER VENTURES OF THE PROMOTERS**

#### **1. Crew Trade Post Private Limited**

The Company was incorporated on January 5, 2001 under the Companies Act, 1956 with object of trading/consultancy in leather products. The authorized Share capital of the Company is Rs.5,00,000 and the paid up Share Capital is Rs.1,20,000. The current shareholding pattern in the Company is as follows:

| <b>Name of shareholders</b> | <b>No. of Shares</b> | <b>% Holding</b> |
|-----------------------------|----------------------|------------------|
| Mr. Tarun Oberoi            | 11,880               | 99%              |
| Mrs. Louise Oberoi          | 120                  | 1%               |
| <b>Total</b>                | <b>12,000</b>        | <b>100%</b>      |

The Board of Director comprises above two shareholders.

The Company has not availed any assistance from any bank or Financial Institution. The company currently holds 10,84,548 shares in Crew BOS.

The brief financials are given below:

| <b>Particulars</b>  | <b>Amount in Rs.</b>                    |             |
|---------------------|---|-------------|
|                     | <b>For the year ended March 31 2003</b> | <b>2002</b> |
| Total Income        | 17,250                                  | 19,450      |
| PAT                 | 570                                     | 210         |
| Share Capital       | 1,20,000                                | 1,20,000    |
| Net Worth           | 1,04,667                                | 1,02,480    |
| NAV per Share (Rs.) | 8.72                                    | 8.54        |
| EPS per Share (Rs.) | 0.05                                    | 0.02        |

#### **2. Crew Concepts & Technology Private Limited**

The Company was incorporated on January 12, 2001 to pursue the business of development & maintenance of software and dealing in hardware. The authorized Share capital of the Company is Rs.5,00,000 and the paid up Share Capital is Rs.1,00,000.

The Shareholding pattern of the Company is as follows:

| <b>Name of shareholders</b> | <b>No. of Shares</b> | <b>% Holding</b> |
|-----------------------------|----------------------|------------------|
| Mr. Robin Bartholomew       | 9,900                | 99%              |
| Mrs. Rati Bartholomew       | 100                  | 1%               |
| <b>Total</b>                | <b>10,000</b>        | <b>100%</b>      |

The Board of Director comprises above two shareholders.

The Company has not availed any assistance from any bank or Financial Institution. The company caters to all in-house software, hardware and computer maintenance needs of Crew BOS and associate concerns. The company currently holds 14,58,000 shares in Crew BOS.

The brief financials are given below:

| Particulars         | Amount in Rs.               |          |
|---------------------|-----------------------------|----------|
|                     | For the year ended March 31 |          |
|                     | 2003                        | 2002     |
| Total Income        | 9,02,107                    | 9,75,475 |
| PAT                 | 3322                        | 6345     |
| Share Capital       | 1,00,000                    | 1,00,000 |
| Net Worth           | 74,682                      | 88,615   |
| NAV per Share (Rs.) | 7.47                        | 8.86     |
| EPS per Share (Rs.) | 0.33                        | 0.63     |

### 3. Ideas India

Ideas India is a partnership concern registered under the partnership Act. The partners are Mr. Tarun Oberoi and Mr. Robin Bartholomew with equal stake. Its principal business is to manufacture and export textiles based home furnishing products like napkins, mittens, curtains, rugs, cushion covers, sofa back, quilts, duvet covers and soft toys.

Ideas India has the following bank facilities:

| Nature of facility/Loan availed | Name of financial institution/Bank | Amount availed (Rs. in lacs) |
|---------------------------------|------------------------------------|------------------------------|
| Working capital                 | Karur Vysya Bank Limited           | 205                          |
| Term Loan                       | Karur Vysya Bank Limited           | 6                            |

Ideas India has not defaulted in the repayment of term loan and payment of interest for working capital and term loan.

The brief financials are given below:

| Particulars                | Rs. in lacs                 |        |        |
|----------------------------|-----------------------------|--------|--------|
|                            | For the year ended March 31 |        |        |
|                            | 2003                        | 2002   | 2001   |
| Total Income               | 390.26                      | 350.66 | 383.60 |
| PAT                        | 36.73                       | 30.05  | 81.11  |
| Partner's Capital Accounts | 71.19                       | 83.27  | 82.58  |

The promoters of Crew BOS being partners of M/s. Ideas India have decided to convert Ideas India into a Company. Accordingly, Ideas India has been converted into Crew Home Products Private Ltd. under Part IX and the same shall be converted into a wholly owned subsidiary of the Company by transfer of the shares by all the members in favour of Crew BOS at book value. The necessary steps have been initiated towards this end.

### 4. Jodhpur Supply Company ('JSC')

JSC is a partnership concern registered under the partnership Act. It has two partners Mr. Tarun Oberoi and Mr. Robin Bartholomew having equal stake. Its principal business was to manufacture, fabrication and domestic sale of fashion goods and accessories in India. The firm came into existence in 1996 and it continued its manufacturing operations until 2001. The firm was supplying accessories in India to Levis India, Reebok, Woodland and Madura Garments Limited. However, in the year 2001, the promoters decided to focus on export business through Crew BOS. Accordingly, the manufacturing operations of the firm were discontinued in 2001 and the firm has not done any business in the local market.

Currently the domestic business of fashion accessory products is done through Crew BOS.

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There are no pending litigations, defaults, etc against associate/group companies/firms, its promoters, its directors and/or its partners.

None of the above concerns have become sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

**DETAILS ABOUT THE COMPANIES/FIRMS FROM WHICH PROMOTERS HAVE DISASSOCIATED DURING LAST 3 YEARS**

**Shudh Products Private Limited (SPPL)**

SPPL was incorporated on May 19, 1995 under the Companies Act 1956 by Mr. Tarun Oberoi and Mr. Robin Bartholomew with the object of production and supply of all kinds of food items - canned, processed, bottled or packaged. Since Mr. Tarun Oberoi and Mr. Robin Bartholomew decided to focus on the core business of fashion accessories of Crew BOS, SPPL did not commence its commercial operations. SPPL was sold to Mr. Umesh Tiwary and Mrs. Usha Tiwary, in December, 2003. The current owners of SPPL are not related to the promoters.

The brief financials of SPPL are given below:

| Particulars         | Rs. in lacs                 |           |           |
|---------------------|-----------------------------|-----------|-----------|
|                     | For the year ended March 31 |           |           |
|                     | 2003                        | 2002      | 2001      |
| Total Income        | -                           | -         | -         |
| PAT                 | (2150)                      | (2557)    | (2900)    |
| Share Capital       | 1,02,140                    | 200       | 200       |
| Net Worth           | 78,351                      | (23,229)  | (22,462)  |
| NAV per Share (Rs.) | 7.67                        | (1161.45) | (1123.10) |
| EPS per Share (Rs.) | (0.21)                      | (127.85)  | (145.00)  |

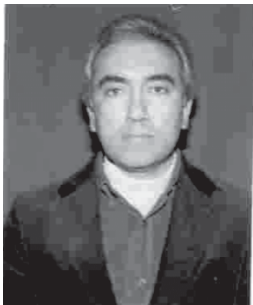
**Reasons for Disassociation**

Mr. Tarun Oberoi and Mr. Robin Bartholomew, the promoters of SPPL disassociated themselves from its business as they decided to focus on their core business of fashion accessories in Crew BOS.

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## 6. THE PROMOTERS & THEIR BACKGROUND:

### **Mr. Tarun Oberoi, Managing Director**



**Mr. Tarun Oberoi**, aged 43 years, (Voters ID Card No. – N. A., Driving License No. 90021654) is the founder-promoter and Managing Director of Crew BOS. He is overall in-charge of day-to-day activities of the company. He is a bachelor in commerce (Hons.) and he has done his diploma in hotel management from the Oberoi School of hotel management, New Delhi. Immediately after his management diploma, he worked with East India Hotels Limited (Oberoi Group of Hotels) for 4 years at various positions in India and abroad.

In the year 1987, Mr. Tarun left his career in hotel industry to pursue his own business. He was associated for almost two years with Mr. V.C. Sehgal, the promoter of Motherson Sumi Systems Limited (MSSL) to get an overall exposure of business management.

He ventured into the automobile components business and promoted Motherson Unimetex Private Limited, along with Mr. V.C. Sehgal and Mr. Nitin Sethi. In 1989, the Company started manufacturing and exporting fashion bags and belts with the initiative of Mr. Oberoi and the name of the company was changed to Crew BOS Products Limited. Subsequently, in 1991, Mr. Nitin Sethi resigned and during 1994, Mr. V.C. Sehgal also resigned from the Board of Directors due to their other business interests. Mr. Tarun has been managing the company for the last 14 years and is responsible for the emergence of the company as one of the leading manufacturer and exporter of fashion products and accessories. Mr. Oberoi is a creative designer and looks after the design and product development of the company and has the ability of developing new products.

### **Mr. Robin Bartholomew, Whole time Director**



**Mr. Robin Bartholomew**, aged 44 years, (Voters ID Card No. – N.A., Driving License No. P03072000208413) is a postgraduate in Sociology from the Delhi School of Economics and is responsible for merchandising and marketing of the Company's products.

He did his Diploma in Hotel Management from the Oberoi School of Hotel Management, New Delhi. He worked with East India Hotels Limited (Oberoi Group of Hotels) for about 4 years at various positions in India. He joined Crew BOS in June 1991 as promoter director and has contributed to the Company's growth. He travels extensively abroad to develop new customers and new markets globally.

We confirm that the PAN, Bank Account details and Passport Number of the Promoters has been submitted, to the Stock Exchanges on which shares are proposed to be listed, at the time of filing the Draft Prospectus with them.

## BOARD OF DIRECTORS

The Board of Directors of the Crew BOS comprises of followings:

| <b>Name, Father's Name, Address, Age, Designation and Occupation of Director</b>  | <b>Other Directorships</b>                 |
|---|--|
| <b>Mr. Tarun Oberoi,</b><br>(S/o. Shri D D Oberoi)<br>EG 1/6, Garden Estate, M G Road,<br>Gurgaon, Haryana – 122002.<br>Age – 43 Years<br>Managing Director<br>Business             | Crew Trade Post Private Limited            |
| <b>Mr. Robin Bartholomew</b><br>(S/o. Late Shri R L Bartholomew)<br>E-241, Greater Kailash II,<br>New Delhi - 110048<br>Age – 44 Years<br>Whole Time Director<br>Business           | Crew Concepts & Technology Private Limited |
| <b>Mr. Puneet Nikore</b><br>(S/o. Shri Y N Nikore)<br>3-E-011 Ridgewood Estate,<br>DLF Phase IV, Gurgaon,<br>Haryana – 122002.<br>Age – 39 Years<br>Whole Time Director<br>Business | Joywin Systems Private Limited             |
| <b>Mr. Deepak Manchanda</b><br>(S/o. Shri B S Manchanda)<br>C-1/1, Paschimi Marg,<br>Vasant Vihar,<br>New Delhi – 110057.<br>Age – 53 Years<br>Independent Director<br>Business     | —  |
| <b>Mr. Naveen Anand</b><br>(S/o. Late Shri Param Anand)<br>E-17, Green Park,<br>New Delhi - 110016.<br>Age – 53 Years<br>Independent Director<br>Business                           | —  |
| <b>Mr. S. L. Katre</b><br>(S/o. Late Air Chief Marshall L M Katre)<br>C-6, Maharani Bagh,<br>New Delhi – 110065.<br>Age – 44 Years<br>Independent Director<br>Service               | —  |

The brief profile of the Board members, other than promoters, is given below:

### **Mr. Puneet Nikore, Director**

Mr. Puneet Nikore, aged 39 Years, is a Chartered Accountant and heads the commercial and finance functions of the company. He has been associated with the Company since inception in different capacities initially as auditor, then as an employee in the capacity of Vice President – Finance and currently as whole time director of the company.

He started his career with a CA firm and later started his own practice in New Delhi. His areas of specialization are project financing, company law matters, auditing and direct taxation.



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**Mr. Sameer Lakshman Katre, Director**

Mr. Katre, aged 44 years, is a MBA from the school of Management and Finance, University of Nottingham, U.K. and Master of Arts from St. Stephens College, Delhi University. Mr. Katre is currently working with the Doon school in Dehra Dun, Uttaranchal as Financial Controller and Administrator. His areas of operations include finance and administration. He has an overall experience of more than a decade in Management and Finance. He is associated with the Company as an Independent Director since January 13, 2004.

**Mr. Deepak Manchanda, Director**

Mr. Deepak Manchanda, aged 53 years, is an Engineer from Birla Institute of Technology and Science, Pilani, Rajasthan. He also holds a diploma in Human Factors of Engineering from Polytechnic of Milan, Italy. Mr. Manchanda is an expert in the field of packaging and his firm offers complete solutions in development, design and technology to several FMCG, Pharma and SME clients under the name of Autumn Design Enterprises. He is closely associated over last ten years with the Indian Institute of Packaging as member of the Governing Body and Northern Regional Committee.

He started his career with M/s International Computers and later worked for corporates like Bajaj Electricals, Metal Box India, Ranbaxy Laboratores, Dabur India, Amkette Products and Oriflame. He is associated with the Company as an Independent Director since September 30, 2003.

**Mr. Naveen Anand, Director**

Mr. Naveen Anand, aged 53 years, is an Engineer from the Indian Institute of Technology, New Delhi and Post Graduate in management from IIM, Ahmedabad. Mr. Anand has spent over 30 years in the field of vibration instrumentation and has introduced a range of vibration instruments for the first time in India. He is associated with the Company as an Independent Director since September 30, 2003.

There are no pending litigations, disputes, defaults/overdues to financial institutions/banks and instances of non-payment of statutory dues by the promoters and the companies/firms promoted by the promoters. There are no cases of pending litigations, disputes etc in respect of companies with which the promoters were associated in the past but are no longer associated and their names continue to be associated with any dispute/litigation/defaults etc.

There are no pending proceedings initiated and penalties imposed in the past for economic offences against the directors, promoters, companies and firms promoted by the promoters.

**7. KEY MANAGERIAL PERSONNEL:**

| <b>Name &amp; Age</b>            | <b>Designation</b>                               | <b>Qualification</b>   | <b>Overall Experience &amp; Date of Joining</b> | <b>Remuneration (2003-2004) Rs. lacs</b> |
|----------------------------------|--|--|---|--|
| Mr. Umesh Oberoi,<br>45 years    | V. P. Technical                                  | B. Com.  | 22 years<br>01.04.1993                          | 5.65                                     |
| Mr. Anil Thapar<br>46 years      | Product Head<br>(Wallet Unit)                    | Graduate   | 22 years<br>03.04.2002                          | 4.96                                     |
| Mr. Atul Kochhar<br>29 years     | Product Head                                     | B.E.   | 8 years<br>01.02.2001                           | 4.94                                     |
| Mr. Neeraj Kohli<br>29 years     | Sr. Merchant                                     | B.E  | 8 years<br>01.03.2000                           | 8.05                                     |
| Mr. Neeraj Vaid<br>33 years      | Product Head<br>(Belt Unit)                      | B.E  | 12 years<br>15.04.2002                          | 5.65                                     |
| Mr. Ambuj Chowdhary<br>30 years  | Project Manager<br>(Finished leather<br>project) | B.sc (Hons.)<br>(P.G. Dip. In garment<br>manufacture &<br>leather technology,<br>NIFT Delhi) | 6 years<br>01.11.1999                           | 3.12                                     |
| Mr. Munish Sharma<br>37 years    | Sr. Manager<br>(Finance)                         | B.com.   | 16 years<br>01.07.1991                          | 5.56                                     |
| Mr. Kuldeep Bhandari<br>38 years | Manager<br>(Resourcing)                          | B.com.   | 14 years<br>01.02.1993                          | 4.04                                     |
| Mr. Pradeep Dudeja<br>43 years   | Sr. Manager<br>(HR & Admin)                      | B.Com,<br>LLB, DLL   | 19 years<br>06.04.2001                          | 5.65                                     |

| <b>Name &amp; Age</b>         | <b>Designation</b>         | <b>Qualification</b> | <b>Overall Experience &amp; Date of Joining</b> | <b>Remuneration (2003-2004) Rs. lacs</b> |
|-------------------------------|----------------------------|----------------------|---|--|
| Mr. Tarun Sharma<br>40 years  | Manager<br>(Cost analysis) | B.Com.               | 19 years<br>01.04.2000                          | 4.48                                     |
| Mr. A.K.Sinha<br>36 years     | Manager<br>(Documentation) | B.A                  | 14 years<br>15.11.1990                          | 4.82                                     |
| Mr. Pankaj Tewari<br>31 years | Company<br>Secretary       | B.Sc., LLB,<br>ACS   | 3 years<br>01.10.2002                           | 2.61                                     |

**Brief profile of Key Managerial Personnel:**

**Mr. Umesh Oberoi**

Mr. Umesh Oberoi, 45 years has been working with the company since March 1993 and has handled and supervised production facilities of all the products manufactured and exported by the Company. He is currently the VP-Technical. He has over 22 years of experience and has previously worked for the Defence services.

**Mr. Anil Thapar**

Mr. Anil Thapar, 46 years joined the company in April 2002 and was earlier managing his own wallet export outfit, which was exporting to U.S.A. He is a very experienced person (22 years) with special emphasis on wallet material sourcing, production & quality matters. He is currently the product head of the wallets division in the Company.

**Mr. Atul Kochhar**

Mr. Atul Kochhar, 29 years, is an engineering graduate and joined the company in February 2001. He is a product head and is responsible for the overall control of the gifts, hard goods & home products business. He has around 8 years of experience and has earlier worked for Compunnel Software India Private Limited.

**Mr. Neeraj Kohli**

Mr. Neeraj Kohli, 29 years has been working with the company since March 2000 and is the senior most merchant under Mr. Robin Bartholomew, Director of the Company. He was earlier the product head of the portfolio and travel bags division of the company. Prior to joining the company, he was working for M/r Triburg Sportswear, one of the leading buying houses in North India. He is an engineering graduate.

**Mr. Neeraj Vaid**

Mr. Neeraj Vaid, 33 years, is an engineering graduate and joined the company in April 2002 and is the divisional head for the belts division of the company. He looks after the production and quality control issues related to the manufacturing of belts. He has over 12 years of experience and was earlier working for M/s Trident International, a leading export house in Chennai.

**Mr. Ambuj Chowdhary**

Mr. Ambuj Chowdhary, 30 years joined the company in November 1999 and is actively involved in the finished leather project. He is the Project Manager of the Finished leather project and has been regularly traveling to the tanneries in Chennai and Kanpur for experimentation on new technologies for finished leather. He was earlier with Tata International, Dewas which has its own tannery and exports finished leather all over the world.

**Mr. Munish Sharma**

Mr. Munish Sharma, 37 years has been working with the company since July 1991. He is the senior manager (Finance) and supervises the banking and accounts department. He reports to Mr. Puneet Nikore. He has around 16 years of experience and has earlier worked for M/s Midas, a partnership firm in Delhi.

**Mr. Kuldeep Bhandari**

Mr. Kuldeep Bhandari, 38 years has been working with the company since 1993 and is the chief resourcing personnel for non-leather purchases involving fabrics, consumable items, hardware and packing material. He has 14 years of experience in the field and has earlier worked with Dogra and Associates, Chartered Accountants, New Delhi.

**Mr. Pradeep Dudeja**

Mr. Pradeep Dudeja, 43 years joined the company in April 2001 and heads the administration and personnel department. He has done his LLB and was earlier working with the Shriram Honda Power Co. Limited He has over 19 years of experience.

**Mr. Tarun Sharma**

Mr. Tarun Sharma, 40 years joined the company in April 2000 and heads the costing and analysis department. He was initially supervising the accounting department in Jodhpur Supply co., one of the sister concerns which was supplying bags and belts in domestic market to renowned customers like Reebok, Levis etc. He has over 19 years of experience and has earlier worked with M/s Baseline Technologies, New Delhi.

**Mr. A.K.Sinha**

Mr. A.K. Sinha, 36 years joined the company in November 1990 and looks after the import and export documentation, shipping and drawback claims. He was earlier working for M/s. B.M. Construction Company in Delhi. He has 14 years of experience.

**Mr. Pankaj Tewari**

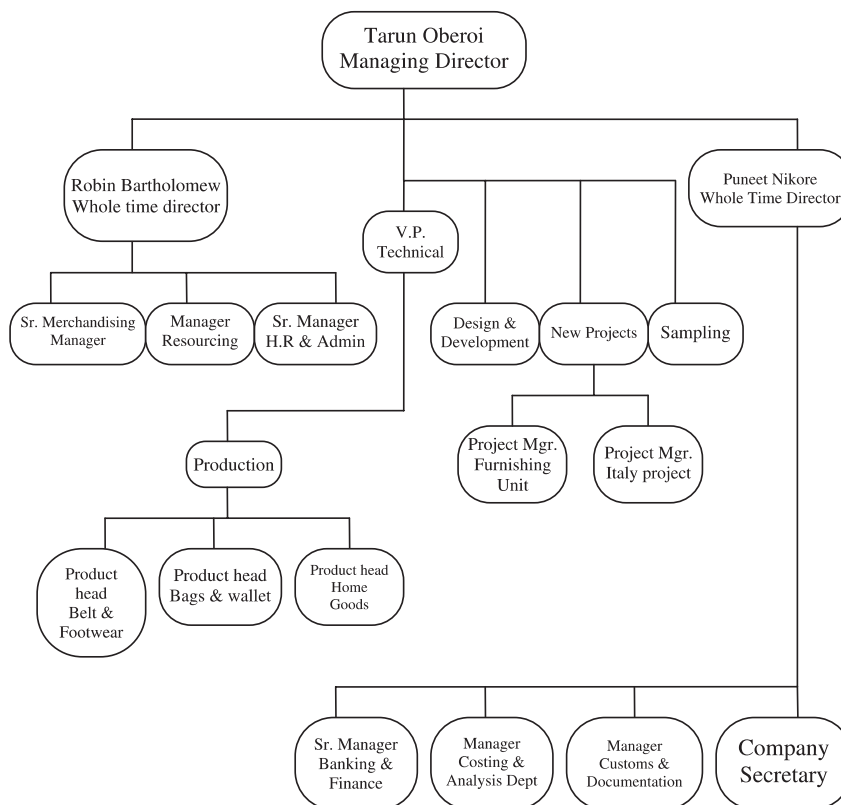
Mr. Pankaj Tewari, 31 years joined the company in October 2002 and looks after the secretarial & legal matters, customs & excise and EOU related matters. He is also the management representative for the ISO Certification project for the belt unit. He was earlier working for Guruji Entertainment Network Limited..

All the above employees are on the roll of the Company as permanent employees. None of the above employees hold any shares in the Company.

**Changes in Key Managerial Personnel during last 3 years**

| Name               | Appointed/ Resigned | Date of Change | Reason  |
|--------------------|---------------------|----------------|---|
| Mr. Pradeep Dudeja | Appointed           | 06.04.2001     | Due to increase in number of employees in the Company |
| Mr. Anil Thapar    | Appointed           | 03.04.2002     | Due to growth of wallet division                      |
| Mr. Neeraj Vaid    | Appointed           | 15.04.2002     | Due to growth of Belt division                        |
| Mr. Pankaj Tewari  | Appointed           | 01.10.2002     | To comply with Legal and Secretarial matters          |

**Organization Chart:**



## 8. BRIEF DETAILS ABOUT THE PROJECTS:

The expansion plans proposed to be financed and implemented through IPO proceeds are:

- I. Expansion of existing manufacturing facilities.
- II. Setting up an outlet for retail business.

### Projects details:

#### I. EXPANSION OF EXISTING MANUFACTURING FACILITIES -

Currently the company has an existing manufacturing capacity to achieve a turnover of Rs.7500 Lacs p.a. The company proposes to increase the manufacturing capacity to Rs.12500 Lacs of turnover by the end of the financial year 2005-2006. The expansion project of the company involves an outlay of Rs.1309.75 Lacs. The increase in capacities would be in fashion and travel bags, belts, wallets and other home products. The fashion footwear division started recently has the necessary capacity and does not warrant any expansion at this stage. The details of existing capacity and increase thereof in each product segment are given below:

#### EXISTING PRODUCTS CAPACITY

| Particulars                       | Bags  | Belts | Wallets | Footwear | Others     | Total<br>Rs. In lacs |
|-----------------------------------|-------|-------|---------|----------|------------|----------------------|
| Installed Capacity (per day/Nos.) | 2,000 | 2,500 | 500     | 2,000    | 800        |                      |
| Capacity Utilised (Nos.)          | 1,800 | 2,250 | 450     | 1,800    | 720        |                      |
| % Capacity Utilised               | 90%   | 90%   | 90%     | 90%      | 90%        |                      |
| Average selling price (US\$)      | 12.50 | 5.50  | 4.50    | 5.60     | 6.25       |                      |
| Sales turnover (INR/Lacs)         | 3,450 | 1,898 | 311     | 1,546    | 690        | 7,894                |
|                                   |       |       |         |          | <b>Say</b> | <b>7,500</b>         |

#### PROPOSED CAPACITY EXPANSION

| Particulars                       | Bags    | Belts   | Wallets | Footwear | Others     | Total        |
|-----------------------------------|---------|---------|---------|----------|------------|--------------|
| Installed Capacity (per day/Nos.) | 1,200   | 3,000   | 500     | -        | 400        |              |
| Installed Capacity (Nos.)         | 360,000 | 900,000 | 150,000 | -        | 120,000    | 1,530,000    |
| Average S.P. (USD)                | 12.50   | 5.50    | 4.50    | -        | 6.25       |              |
| Sales turnover (INR/Lacs)         | 2,070   | 2,277   | 311     | -        | 345        | 5,003        |
|                                   |         |         |         |          | <b>Say</b> | <b>5,000</b> |

#### TOTAL INSTALLED CAPACITY (POST EXPANSION)

| Particulars                       | Bags  | Belts | Wallets | Footwear | Others     | Total         |
|-----------------------------------|-------|-------|---------|----------|------------|---------------|
| Installed Capacity (per day/Nos.) | 3,200 | 5,500 | 1,000   | 2,000    | 1,200      |               |
| Average S.P. (USD)                | 12.50 | 5.50  | 4.50    | 5.60     | 6.25       |               |
| Sales turnover (INR/Lacs)         | 5,520 | 4,175 | 621     | 1,546    | 1,035      | 12,896        |
|                                   |       |       |         |          | <b>Say</b> | <b>12,500</b> |

The demand for the various fashion products manufactured and exported by the company is increasing. The international markets are again looking up and the feedback from the existing customers is very encouraging. The latest foreign trips undertaken by the marketing team, in the last quarter of 2003 has generated positive responses from new customers for various products of the company. These customers are some of the leading international brands like Fossil, DC Company, American Eagle, Humphrey's from USA and Tesco from UK and concrete orders to the tune of Rs. 232 lacs have been received from them.

#### LOCATION OF THE PROJECT

The expansion project shall be located at plot no. 37, Sector 4, HSIDC Industrial area, Manesar. The land measuring 7875 square meters was allotted to the company by HSIDC Limited in December 2000 on a lease for 99 years. The company can construct a total of approx.135,000 sq. feet in this plot of land. Out of this, the construction of 49,500 sq. feet factory building for the finishing of fashion leathers has been completed.

Now the company plans to construct another 85,000 sq. feet (approx.) factory building to house the proposed expansion project at an estimated cost of Rs.408 lacs. The building plans are approved by District Town Planner, HSIDC Limited, Manesar, Haryana. The company will commence the construction after the IPO. The land, registered in the company's name is free from all encumbrances and has a clear title, except the mortgage in favour of HSIDC, which has partly financed the finishing leather project on the same location.

**Details of proposed factory construction:**

| <b>A. Area of construction</b> | <b>Area – sq.ft.</b> |
|--------------------------------|----------------------|
| Basement.                      | 26696                |
| Ground Floor                   | 29246                |
| First Floor                    | 29246                |
| <b>Total area</b>              | <b>85188</b>         |

| <b>B. Cost of construction</b>       | <b>Rs. lacs</b> |
|--------------------------------------|-----------------|
| Construction rate (Rs./ per sq. ft.) | 430             |
| Cost of building construction        | 366             |
| Water & electrical fittings          | 37              |
| Architect fees                       | 5               |
| <b>Total Cost</b>                    | <b>408</b>      |

**PLANT AND MACHINERY & OTHER FIXED ASSETS**

The plant and machinery includes both imported and indigenous machines. The imported machinery for fashion bags and wallet division involves Stitching machinery, both heavy duty and light duty machines, Cylinder bed machines, Post bed machinery from Seiko machines, Japan, Skiving machines, Clicking machines and Splitting machines from Torielli, Italy, Embossing and thread burning machines from Arts gate Singapore.

The complete belt plant shall be imported from M/s Zanelatti and Zanetti, Italy. The foreign technicians shall set up belt manufacturing plant and train the belt production team.

The Indian machinery includes strap cutting, strap folding machines and latexing machines. The mix of both Indian and imported machinery would help in producing world-class fashion products for exports. The machinery shall be commissioned, installed and operated under the supervision of Italian experts.

The details of plant and machinery and other assets required for the expansion project are given below:

**A. IMPORTED MACHINERY**

**(Rs. In Lacs)**

| <b>SNo</b> | <b>Particulars</b>                               | <b>Supplier</b>           | <b>Rate</b> | <b>Currency</b> | <b>Qty.</b> | <b>Total</b> |
|------------|--|---------------------------|-------------|-----------------|-------------|--------------|
| 1          | Clicking Machine Model 125-SE                    | Torielli Spa,Italy        | 4580.00     | Euros           | 10          | 25.65        |
| 2          | Folding machine, Model 1050/60RC                 | Torielli Spa,Italy        | 4675.00     | Euros           | 4           | 10.47        |
| 3          | Hydraulic automatic plating ironing machine      | Torielli Spa,Italy        | 13908.00    | Euros           | 4           | 31.15        |
| 4          | Splitting machine fitted with electronic devices | Torielli Spa,Italy        | 17655.00    | Euros           | 4           | 39.55        |
| 5          | Edge Inking machine                              | Torielli Spa,Italy        | 1535.00     | Euros           | 1           | 0.86         |
| 6          | Edge Setting machine                             | Torielli Spa,Italy        | 2370.00     | Euros           | 1           | 1.33         |
| 7          | Belt plant with all balancing machines           | Zanelatti & Zanetti,Italy | 266035.00   | Euros           | 1           | 148.98       |
| 8          | Single Needle Flat Bed machine Model 8BLD3       | Seiko,Japan               | 90000.00    | J.Yen           | 42          | 16.25        |
| 9          | Single Needle Flat Bed machine Model H2BLAE      | Seiko,Japan               | 62000.00    | J.Yen           | 41          | 10.93        |
| 10         | Cylinder Bed machine Model LCW-8BL               | Seiko,Japan               | 210000.00   | J.Yen           | 8           | 7.22         |
| 11         | Lockstitch machines Model LSW-28BLK              | Seiko,Japan               | 300000.00   | J.Yen           | 4           | 5.16         |

| SNo   | Particulars                                       | Supplier             | Rate      | Currency | Qty. | Total         |
|---|---|----------------------|-----------|----------|------|---------------|
| 12  | Lockstitch machines<br>Model LHPW8BL1LP           | Seiko,Japan          | 440000.00 | J.Yen    | 4    | 7.57          |
| 13  | Single Needle machine<br>Model DDL-8700L          | Juki, Japan          | 400.00    | USD      | 8    | 1.47          |
| 14  | Knife Cutting machine<br>Model 629(8)             | Eastman, Hongkong    | 1075.00   | USD      | 1    | 0.49          |
| 15  | Embossing & foil stamping<br>machine , China made | Artsgate , Singapore | 717.00    | USD      | 8    | 2.64          |
| 16  | Thread Burning machine,<br>Made in China          | Artsgate , Singapore | 145.00    | USD      | 14   | 0.93          |
| 17  | Sole setting machine                              | Torielli Spa,Italy   | 10000.00  | Euros    | 1    | 5.60          |
| Conversion Rates :  |   |                      |           |          |      |               |
| Euro = Rs.56 each   |   |                      |           |          |      |               |
| USD = Rs.46 each  |   |                      |           |          |      |               |
| JPY = Rs.0.43 each  |   |                      |           |          |      |               |
| Total Estimated Cost of Machines (CIF)                          |   |                      |           |          |      | 316.26        |
| Add : Custom Duty @ 9.24%                                       |   |                      |           |          |      | 29.22         |
| Add : 8% for inland freight, insurance and installation charges |   |                      |           |          |      | 25.00         |
| <b>Total (A)</b>  |   |                      |           |          |      | <b>370.49</b> |

#### B. INDIGENOUS MACHINERY

(Rs. In Lacs)

| SNo   | Particulars                                      | Supplier                     | Rate  | Qty. | Total         |
|---|--|------------------------------|-------|------|---------------|
| 1   | Strap cutting machine-<br>Model GL-23E with acc. | M/s Harman Sales,Noida       | 0.44  | 2    | 0.88          |
| 2   | Strap Folding machine-<br>Model LM-E1            | Kalsi Instrumentation P.Ltd. | 0.25  | 4    | 1.00          |
| 3   | Latexing Machine-Model LM-A2                     | Kalsi Instrumentation P.Ltd. | 0.50  | 3    | 1.50          |
| 4   | Stand & Motors for<br>Stitching machines         | Ganpathi Associates,Delhi    | 0.05  | 90   | 4.50          |
| 5   | Strapping machine -<br>Model SP-101H             | Vinayak Printpack,N.Delhi    | 0.43  | 1    | 0.43          |
| 6   | Skiving Machine complete<br>with accessories     | Dutta & Dutta, Delhi         | 0.22  | 8    | 1.76          |
| 7   | Air Compressors Elgi<br>Make-Model 07120         | Service Equipment Co.,Delhi  | 0.56  | 3    | 1.68          |
| 8   | DG set 380 KVA Cummins-<br>Model KTA 1150-G      | Sudhir Gensets Ltd.,N.Delhi  | 16.30 | 1    | 16.30         |
| Total Estimated Cost  |  |                              |       |      | 28.05         |
| Add : 12% for freight,installation,<br>insurance and sales tax etc. |  |                              |       |      | 3.37          |
| <b>Total (B)</b>  |  |                              |       |      | <b>31.42</b>  |
| <b>Total Plant &amp; Machinery cost (A+B)</b>                       |  |                              |       |      | <b>401.90</b> |

The plant and machinery and other assets shall be procured from the existing suppliers who have supplied the machinery and equipments in the past and have good track record. The company also proposes to install Diesel generating set to generate power so that the operations are not interrupted by power cuts and electricity failures.

**The Company does not propose to buy any second hand machinery. The Company has obtained quotations for above Plant & Machinery however no orders are placed till date. The orders are expected to be placed between February 2005 - April 2005.**

## OTHER FIXED ASSETS

The miscellaneous fixed assets proposed to be purchased include production furniture, fixtures involving production tables, workers' stools, office almirahs and racks, executive tables, chairs, office filing cabinets, material handling equipments such as plastic crates for storage of semi-finished components, trolleys and pallet trucks for material movement etc within the unit. The company proposes to install Kirloskar make transformer and Isotech make transformer protection equipments. The Company shall purchase 1 Compaq Server, 9 nos. Compaq Intel P IV Computers and 2 nos. HP Laserjet printers. Vehicles (4 nos.) will be purchased for facilitating movement of materials between all the Units of the company and outside agencies.

### Details of Other Fixed Assets :

|              |  |  |         |         | (Rs./Lacs)    |       |
|--------------|--|--|---------|---------|---------------|-------|
| Sr. no.      | Particulars  | Supplier                                       | Rate    | Qty.    | Total amt.    |       |
| 1            | Factory/Production furniture & fixture including chairs, stools, tables, stands, quality inspection tables etc.  | Bhagwati Office Systems<br>Delhi               | Various | Various | 28.00         |       |
| 2            | Office furniture including office tables, executive chairs, computer tables, sofa set, board room and meeting room furniture, reception area furniture | Bhagwati Office Systems<br>Delhi               | Various | Various | 15.00         |       |
| 3            | Material Handling equipments consisting of bins, racks, stock and storage equipments, trolleys etc..   | Material Handling systems<br>Delhi             | Various | Various | 20.00         |       |
| 4            | Fire fighting equipment  | Super Fire Services,<br>Gurgaon,<br>Haryana    |         |         | 6.00          |       |
| 5            | Tools & Inspection equipments including dies , leather testing and fabric tesing equipment, hand stiching instruments for workers etc..                | Local suppliers                                | Various | Various | 4.00          |       |
| 6            | Electrical panels and transformer  | Isotech Engineers Ltd.,<br>New Delhi           | Various | Various | 15.00         |       |
| 7            | Computers & printers including IBM server, server guide and monitors   | Delta Network services,<br>Gurgaon.<br>Haryana | Various | Various | 7.00          |       |
| 8a           | Air conditioners both window and split units including A/c plant for storage area of finished leathers   | Carrier Aircon Ltd.,<br>Gurgaon                | Various | Various | 8.25          |       |
| 8b           | Water cooler   | Blue Star Ltd.,Delhi                           | 35,000  | 5       | 1.75          | 10.00 |
| 9a           | Trucks with closed body  | Eicher Motors Ltd.                             | 785,000 | 3       | 23.55         |       |
| 9b           | Van  | Matador  | 345,000 | 1       | 3.45          | 27.00 |
| <b>Total</b> |  |  |         |         | <b>132.00</b> |       |

## PREOPERATIVE EXPENSES

Preoperative expenses are estimated from the start up time till the commencement of commercial production. The expenses include travel costs both domestic as well as overseas (Italy) for inspection and purchase of machinery and other fixed assets. It also includes salary & wages payable during construction of factory building, legal and professional charges, and security deposit to various statutory agencies for electricity and water connection, advertising and publicity expenses.

### Details of Pre-operative expenses:

| Sr. No. | Particulars                             | (Rs. Lacs)   |
|---------|---|--------------|
| 1       | Traveling expenses                      | 18.00        |
| 2       | Salary & Wages                          | 6.00         |
| 3       | Advertising & Publicity                 | 10.00        |
| 4       | Legal & Professional Charges            | 5.00         |
| 5       | Deposit for Electricity, Telephone etc. | 8.00         |
|         | <b>Total</b>                            | <b>47.00</b> |

### Public issue expenses

The details of Public issue expenses are given below:

| Sr. No. | Particulars  | (Rs. Lacs)   |
|---------|--|--------------|
| 1       | Lead managers & Registrar's fee  | 10.00        |
| 2       | Brokerage expenses   | 20.00        |
| 3       | Printing, stationery & postage   | 25.00        |
| 4       | Other miscellaneous items including listing fees, depository charges, etc. | 15.00        |
|         | <b>Total</b>   | <b>70.00</b> |

## MARGIN MONEY FOR WORKING CAPITAL

The margin money for working capital for the proposed expansion project has been calculated based on current norms for stock holding for raw material; work in process and finished goods, collection period of sundry debtors and credit period available from creditors. The working capital requirements computed based on the past banking experience of the company are given below:

Details of Margin Money for Working Capital:

| Particulars                       | Holding Period | Amount<br>(Rs. In Lacs) |
|-----------------------------------|----------------|-------------------------|
| Raw Material                      | 2 Months       | 195.94                  |
| Leather stock in process          | 4 Weeks        | 127.71                  |
| Finished leather                  | 2 Weeks        | 63.85                   |
| Sundry Debtors                    | 2 Months       | 343.75                  |
| Other current assets              | Estimated      | 16.80                   |
| <b>Total</b>                      |                | <b>748.05</b>           |
| Less : Creditors                  | 1 Month        | 107.38                  |
| Total Working capital Required    |                | 640.67                  |
| Less : Bank finance (75%)         |                | 480.00                  |
| <b>Margin Money for W/Capital</b> |                | <b>160.67</b>           |

## FOREIGN COLLABORATION

The Company does not have any technical/financial collaboration for the existing business as well as for the proposed expansion project.



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## INFRASTRUCTURE FACILITIES

### Raw Material

The Company uses fabrics, leather, metal, wood, etc as the raw materials for its various products. The cotton and silk fabrics are easily available locally, nylon and PVC fabrics are imported duty free in EOU units. Leather is locally procured from Chennai, Kanpur and Jalandhar. Company also imports leather from Italy, Bangladesh and Mexico. There are no custom duties applicable to the leather imported by the company as raw material. The company also imports metal fittings like buckles and rivets from Hong Kong, China, Taiwan and Korea duty free in EOU units. The company uses Medium Density Fibre (MDF) wood as raw material for some of its products, the same is available locally.

### Utilities

#### a) Power

The company presently has a connected power load of 500 KVA from Haryana Vidyut Power Nigam (HVPN) and 4 diesel generators with total power generating capacity of 570 KVA as standby arrangements for its existing facilities at three different units. The power requirement for the proposed project is estimated at 340 KVA, which will be availed from HVPN. The company shall apply to HVPN for the required power connection in due course. The company also proposes to install Diesel generating set of 380 KVA, as stand by arrangement for uninterrupted power supply.

#### b) Water

The water requirement for the project is estimated at approx. 9 kiloliters per day only for sanitation, no water is required for manufacturing process. Water connection is proposed through the water supply system at Manesar from Haryana Jal Nigam (HJN). Adequate water will be available from HJN, necessary application will be made in due course.

#### c) Manpower

The total manpower requirement for the project is 512 personnel; out of which 450 will be contract labour. Approximately 20 will be skilled workers, 467 will be semi skilled and unskilled and balance 25 will be Administration and Finance staff.

The company also proposes to transfer from its existing setup few key personnel in different areas like Technical, Administration, Finance and works etc. to oversee the implementation and production areas. The required personnel in different departments shall be recruited from time to time based on requirements. No problem is envisaged by the company in obtaining the required skilled and unskilled manpower due to plant's proximity to Gurgaon and Delhi.

#### d) Environmental aspects

The company's existing operations do not generate any harmful effluents in the manufacturing process, further no harmful effluents will be generated from the proposed project as well. The company shall obtain the necessary approval from the pollution control board before the commencement of commercial production and does not foresee any difficulty in obtaining the same.

## SCHEDULE OF IMPLEMENTATION

The implementation schedule of the proposed project is given below:

| S. No. | Activities                        | Commencement | Completion       |
|--------|-----------------------------------|--------------|------------------|
| 1      | Acquisition of Land               |              | Already acquired |
| 2      | Civil Works                       |              |                  |
|        | - Factory Set up                  | Commenced    | Mar 05           |
|        | - Auxiliary                       | Feb 05       | Mar 05           |
| 3      | Plant & Machinery                 |              |                  |
|        | - Imported – Order & Delivery     | Feb 05       | Apr 05           |
|        | - Indian – Order & Delivery       | Mar 05       | Apr 05           |
|        | - Other assets – Order & Delivery | Mar 05       | Apr 05           |
| 4      | Erection of Equipment             | Apr 05       | Mar 05           |
| 5      | Commissioning of Equipment        | Jun 05       | Jun 05           |
| 6      | HVPN load sanction                | Jan 05       | Mar 05           |
| 7      | Trial runs                        | Jun 05       | Jun 05           |
| 8      | Commercial Production             | July 05      | -                |

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## II. RETAIL outlet

The company proposes to open a retail outlet in one of the shopping malls in Gurgaon and launch its products at an estimated cost of Rs.90.50 lacs.

Jodhpur Supply Company, the associate concern of the company, was in the domestic market since 1996 to 2001 dealing with buyers like Levis Strauss & Co., Madura Garments, Woodland, Reebok, Wills Sport and Asian Hotels Limited. During 2003, the company has started supplying its products to Levis Strauss & Co. Being in the export market and supplying to the top labels in the world for over a decade, the company has now decided to take the logical step to create a market for its products in the domestic segment under its own brand. The company has the manufacturing facilities and the necessary expertise to enter the domestic fashion products like fashion bags, belts, wallets, home products and footwear through a retail outlet.

### Cost of Project

The cost estimated for the retail outlet is given below:

| S. No. | Particular                           | Rs. in lacs  |
|--------|--------------------------------------|--------------|
| 1      | Advance rent and security deposit    | 27.00        |
| 2      | Furnishing and fixtures              | 37.50        |
| 3      | Product launch and promotional costs | 26.00        |
|        | <b>Total</b>                         | <b>90.50</b> |

**Advance rent and security deposit:** The advance rent and security deposit have been estimated for one year at the current market rates in Gurgaon for approx. 1500 square feet area. The rent is estimated at Rs.150 per sq. feet per month.

**Furnishing and fixtures:** The retail outlet furnishing and decoration is estimated at Rs.2500 per sq. feet, which amounts to Rs.37.50 Lacs. This includes imported marble, modern electrical fittings, lighting, display stands, air-conditioning, computer, printer and other furniture and fixtures.

**Product launch and promotional costs:** The product launch and promotional expenses such as advertising, printed materials are estimated at Rs.26.00 Lacs.

## SELLING AND MARKETING ARRANGEMENT

The designing and sampling team forwards the samples to the existing and prospective customers of the company. The samples are based on feedback from the buyers, fairs, exhibitions, new ideas and inspiration from international websites and magazines. The in-house team of designers headed by the Managing Director ensures that the enquiries generated are converted to possible orders.

Once the buyer shows interest in any particular sample, the merchandising department, headed by Mr. Robin Bartholomew, whole time director negotiates and finalizes the order at the best price. The merchandising department follows up the order from the receiving stage till it is shipped.

The main criteria for global buyers are quality, price and delivery. The buyers place the orders in two manners: either direct or through the buying houses. The buying houses in New Delhi represent many of the known buyers like Next, Esprit, Tesco, H&M, Armani Exchange and Wilson's, Gap, Banana Republic and Old Navy brands have their own offices in New Delhi that follows up with the company right from development stage till the quality control and shipping stage.

Though the company accepts order from buying houses appointed or nominated by the buyers, the sale/export is made directly to buyers. Further, the company invoices to the buyers and receives payments directly and not through buying houses. The buying houses, based in India, act as follow up and inspection agents for and on behalf of the foreign buyers. The foreign buyers outsource their requirement from the company, and the buying offices assist them in matters related to product quality and packaging.

The direct customers like Chico's, Selfridges and Kenneth Cole are looked after by the marketing team through regular visits to their respective offices in their respective country. Both the promoters, Mr. Tarun Oberoi and Mr. Robin Bartholomew travel extensively to stay in regular touch with the buyers. The merchandising team also visits the buyers and keep in close contact with them.

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**MANUFACTURING PROCESS:****Bags**

The raw material is issued from the stores and the same is quality checked before cutting. The cutting of leather and fabrics are undertaken separately and then the material is issued to production floor. The production department starts the preparation of components. The components are separated in front panels and back panels. The process of folding, pasting and stitching takes place in front panel and back panels; then the gusset is folded, pasted and stitched. The three components are stitched together to finish the bag. Later, the final finishing, online inspection, thread burning and cleaning takes place. The final inspection of complete bag is done before the bag is sent for packing.

**Belts**

Belt is not a labour intensive product compared to the manufacturing process of bags. The process starts with cutting of leather/fabric and lining as per desired size and width of the belt. The leather and inside lining is pasted and kept for drying after that it is sent for coupling to fit the loops, trimming, sizing, punching of holes. Shaping of the edges at both the ends of the belt through the edge-rounding machine is done and the strap is passed through the edge colouring machine to get the even edges coloured on both the sides of the strap. The strap is then inspected and sent for buckle stitching. The extra threads are burnt through the thread burning machine. Finally the belts are cleaned, inspected and packed for final despatch.

**Wallets**

The raw material is issued from the stores and the same is quality checked before cutting. The cutting of leather and lining in the wallets is undertaken separately and then the material is issued to production floor. In production department the work commences with preparation of components. The components are separated for front and back compartments. The process of folding, pasting and stitching takes place for the front and back compartments. The two components are then stitched together to finish the wallet. Final finishing, online inspection, thread burning and cleaning takes place and the final inspection of complete wallet is undertaken before it is sent for packing.

**TERM LOANS**

The status of term Loans from Banks and Institutions as on 31-03-2004 is provided below.

(Rs. In Lacs)

| <b>Lending Institution</b>  | <b>Amount of loan sanctioned</b> | <b>Amount availed</b> | <b>Amount outstanding as on 31-03-2004</b> | <b>Interest Rate %</b> |
|---|----------------------------------|-----------------------|--|------------------------|
| <b>Karur Vysya Bank Limited</b>   |                                  |                       |  |                        |
| · For building  | 65.00                            | 65.00                 | 28.23                                      | 15.00%                 |
| · For machinery   | 173.00                           | 164.00                | 50.97                                      | 14.00%                 |
| <b>Citibank NA</b>  |                                  |                       |  |                        |
| · For Machinery & equipments  | 100.00                           | 100.00                | 66.67                                      | 13.50%                 |
| · For Machinery & office equipments   | 120.00                           | 0.00                  | 0.00                                       | 13.50%                 |
| Haryana State Industrial Development Corporation (HSIDC) for the finishing unit at Manesar. | 500.00                           | 123.33                | 123.33                                     | 12.00%                 |
| <b>TOTAL</b>  | <b>958.00</b>                    | <b>329.00</b>         | <b>269.20</b>                              |                        |

**WORKING CAPITAL FACILITIES**

The Company has been availing various working capital facilities under multiple banking arrangements with its Bankers comprising Citibank N.A. & The Karur Vysya Bank Limited The details of the Fund Based and Non Fund Based limits from these banks as on 31-03-2004 are given under: -

(Rs. lacs)

| Name of the Bank         | Type of Limit              | Limit          |
|--------------------------|----------------------------|----------------|
| Karur Vysya Bank Limited | <b>Fund Based:</b>         |                |
|                          | ● Preshipment credit loan  | 400.00         |
|                          | ● Foreign bills negotiated | 300.00         |
|                          | ● Letter of credit         | 200.00         |
|                          | <b>Non fund Based:</b>     |                |
|                          | ● Bank Guarantee           | 50.00          |
| Citibank N.A             | ● Fund Based               | 780.00         |
|                          | ● Non-fund based           | 100.00         |
| <b>TOTAL</b>             |                            | <b>1830.00</b> |

#### OTHER PROJECTS UNDER IMPLEMENTATION

The Company is primarily in the business of manufacture and export of fashion accessories with customers in US and Europe. The company proposes to expand its customer base in these markets by creating additional capacities in different product lines. The emphasis is on product quality, reliability and consistency. To achieve this objective, consistent quality of the raw material is essential. The main raw material of the company is fabrics and leather. The company is able to source good quality fabrics locally. However, the consistency in the quality of the finished leathers available in the country still leaves room for improvement. Hence, the company is implementing two projects to ensure the consistency in the quality of finished leathers by setting up the following:

1. A wholly owned subsidiary in Italy
2. Finishing unit at Manesar.

#### WHOLLY OWNED SUBSIDIARY in Italy

The company has incorporated a wholly owned subsidiary (WOS) in Italy in March 2004.

The advantages of a wholly owned subsidiary in Italy.

- Availability of latest fashion and design inputs which will enable the company to move ahead in the ever changing global fashion market;
- To make use of the modern facilities available in Italy on contract manufacturing basis to add value to the raw materials from India.
- To capitalize on the "MADE IN ITALY brand for various products to be exported through the wholly owned subsidiary to European and US markets.

The wholly owned company has been incorporated in Italy under the name and style of '**La Tatva s.r.l**' on 09-03-2004 under the automatic route. The registered office of the company is located at Via dei Giardini 4, 20121, Milano, Italy. The share capital is Euros 10,000. The entire share capital is subscribed by the parent company Crew BOS Products Limited. The directors of the Crew BOS Mr. Tarun Oberoi, Mr. Robin Bartholomew and Mr. Puneet Nikore are on the Board of Directors of the subsidiary company.

**The project set up in Italy:** The subsidiary company shall pursue the object of finishing semi-finished leathers exported from India. The finishing shall be undertaken with in the factory premises and on contract manufacturing basis in Italy. Italian technicians shall supervise the finishing process. Three employees of the company are proposed to be deployed in Italy on deputation for the implementation of the project.

The subsidiary company has commenced operations from July 2004.

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### Cost of Project and Funding

The total cost of the Italian project and its funding details are given below: -

| S. No.                  | Particulars   | Rs. in lacs   |
|-------------------------|---|---------------|
| <b>Cost of Project</b>  |   |               |
| 1                       | Misc. Fixed Assets  | 14.81         |
| 2                       | Advance rent and security for factory building              | 7.02          |
| 3                       | Preoperative expenses                                       | 19.39         |
| 4                       | Margin Money for Working Capital                            | 96.09         |
| <b>Total</b>            |   | <b>137.31</b> |
| <b>Means of Finance</b> |   |               |
| 1                       | Share Capital (100% owned by Crew BOS Products Limited)     | 5.50          |
| 2                       | Unsecured interest free loan from Crew BOS Products Limited | 131.81        |
| <b>Total</b>            |   | <b>137.31</b> |

Crew BOS has subscribed to the entire share capital of the subsidiary company. The Company would fund the balance amount of project cost as interest free unsecured loans. The company will meet total contribution of Rs. 137.31 lacs out of the internal accruals. The Company has already invested Rs.12.49 lacs on this project as on July 14,2004.

It is proposed that the subsidiary company will hire the factory premises located at Via Lazio 2/4, 56029 S. Croce Sull' Arno (PI), Italy, on rent of Euros 4250 per month, measuring approx. 11,000 square feet in Santa Croce. The factory premises house certain machinery required for upgrading the materials to be sent from India. The premises would be used for warehousing the raw material as well.

The miscellaneous fixed assets to be purchased include vehicles, furniture and fixtures, fire fighting equipments, testing and inspection equipments, computer, printer, fax and heating grills etc.

Preliminary and preoperative expenses include incorporation expenses, legal and professional charges, salary for personnel, trial run expenses and travel costs etc.

The margin money for working capital has been calculated based on the stocking norms involving raw material, work in progress and finished stocks. The payment cycle for buyers and suppliers has also been considered for calculating the working capital requirements.

#### Raw material tie-ups

The company through its existing suppliers will export the raw material from India.

#### Market & Marketing arrangements

The company proposes to supplement the fashion leather project in Manesar with this facility. The Italy project will be used to upgrade the leathers from India and other parts of the world for further supply to European and US markets. There is a huge demand for Made in Italy leathers. The raw material from India is cheaper hence the company would be able to supply world-class leather at cheaper prices than is available presently from Italy. The technology and conversion materials would be available to the company in Italy. The company has hired a consultant technician in Italy who is developing new finishes and feels on the Indian leathers.

#### FINISHING UNIT AT MANESAR

The Manesar Finishing project is based on the abundant raw material availability in India. India accounts for 15% of the world livestock population involving bovine, sheep and goat. Apart from this India allows liberal import of raw hides and skins and no duty is levied on import of raw/semi-finished leather.

The export of finished leathers from India is one of the growth areas in the Indian Leather Industry. The latest figures released by the Council of Leather Exports reflects that the exports during the financial year 2002-03 for the finished leathers was Rs.2290 crores as against last year of Rs.2160 crores thereby showing a growth of around 6%.

The Company proposes to tap this market by using the finishing unit to do value addition through import of chemicals and recipes from Italy. To achieve this objective, the company is setting up a finishing unit for fashion

leathers in Manesar with an installed capacity of 15000 sq. ft. leather per day. The Company has an exclusive arrangement with M/s KLF Tecnokimica s.r.l., Italy for import of chemicals and recipes in India. The Company will sell output in the form of finished leathers, which have a huge demand both within the Company and externally.

### Cost of Project and Funding

The total cost of project is envisaged at Rs.919.63 lacs and the detailed break-up is given below:

| <b>S. No.</b>           | <b>Particulars</b>               | <b>Rs. in lacs</b> |
|-------------------------|----------------------------------|--------------------|
| <b>Cost of Project</b>  |                                  |                    |
| 1                       | Land and Site Development        | 174.25             |
| 2                       | Building and Civil works         | 224.98             |
| 3                       | Plant & Machinery                | 358.68             |
| 4                       | Misc. Fixed Assets               | 25.13              |
| 5                       | Provision for Contingency        | 17.93              |
| 6                       | Preoperative expenses            | 60.78              |
| 7                       | Margin Money for Working Capital | 57.88              |
| <b>Total</b>            |                                  | <b>919.63</b>      |
| <b>Means of Finance</b> |                                  |                    |
| 1                       | Internal accruals                | 419.63             |
| 2                       | Term Loans from HSIDC Limited    | 500.00             |
| <b>Total</b>            |                                  | <b>919.63</b>      |

The HSIDC Limited has already sanctioned Term loan of Rs.500 lacs at 12% interest, payable over 8 years at half yearly intervals with a moratorium of eighteen months.

The Company has already acquired 7875 square meters Land located at Plot No. 37, Sector 4, HSIDC, Manesar in Haryana, which is about 20 kms from the existing locations of the company at Gurgaon. The cost of land is Rs.118.12 Lacs, registration charges Rs.15.36 Lacs and site development cost is Rs.40.77 Lacs. The total cost of land and site development is Rs.174.25 lacs. The cost of the land is payable to HSIDC in half yearly installments over a period of three and a half years.

The company has started construction of factory building and has already invested approximately Rs.335.84 lacs on this project as on July 14, 2004. A sum of Rs. 224.98 lacs is proposed to be incurred on the building and civil works which includes main production hall (ground & first floor), storage area (basement), auxiliary building, administration building (ground floor and first floor), internal drainage/water distribution network and architecture fees. The total covered area shall be 4573.46 sq. meters.

The plant and machinery involves both imported and indigenous machines. Imported machinery includes stacking machine, continuous press (3 rollers) (Gozzini make), hydraulic plate press, polishing machine through feed, roller finishing machine and boarding and softening machine are to be purchased from M/s Unitek s. r. l. Italy. The indigenous machinery includes buffing machine, dedusting machine, measuring machine, wooden dry milling drum, toggling machine, thermic fluid heater, air compressor (2 nos.) and DG set of 380 KVA. The machinery supplier for the indigenous machines has been finalized by the company on the basis of reputation of suppliers and cost competitiveness. The mix of both Indian and imported machinery shall help in finishing world-class leathers of Italian standards in India. The machinery shall be commissioned, installed and operated under the supervision of Italian experts.

The company proposes to import machines worth Rs. 297.46 lacs and machines worth Rs.61.22 lacs are to be procured from local market. The company has already received quotations for machinery and orders shall be placed shortly.

The company also proposes to install Diesel generating set to generate power so that the operations are not interrupted by power cuts and electricity failures. The provision for forklifts and trucks is also kept in the other fixed assets so that movement within the factory and outside dispatches takes place without any hindrance.

The proposed miscellaneous fixed assets include furniture & fixtures, fax, computer, air conditioners, water cooler, tools and inspection equipment. A total sum of Rs. 25.13 lacs is proposed to be incurred under this head.

A sum of Rs.57.88 lacs has been provided as margin money for working capital. The working capital requirements have been worked out on the basis of prevailing trends in the industry. A provision of 5% for contingencies i.e. Rs.17.93 on machinery has been made.

The Company expects to commence the Commercial production at this unit from September 30, 2004.

## 9. DESCRIPTION OF INDUSTRY AND BUSINESS:

The Fashion Accessory Segment in which the Company operates, does not have a recognized Association for monitoring and accumulation of industry data. The Company manufactures and exports products made out of leather, fabrics and textiles as primary ingredients.

Indian Leather industry is spread over organized as well as unorganised sector. The unorganised sector i.e. small scale, cottage and artisan sectors account for over 75% of the total production. Though traditionally the industry has been an exporter of tanned hides and skins, from the early seventies itself, now it eyes to become a major player in the leather product segments using primarily indigenous natural resources with little dependence on imported resources. The industry has gradually being dereserved from the SSI sector and as of today no industrial license is required for the manufacture of leather goods and accessories.

### OVERVIEW OF THE INDIAN LEATHER INDUSTRY

Leather Industry occupies a place of prominence in the Indian economy due to its labour intensive characteristic, which offers massive potential for employment, growth and exports. Further there has been greater emphasis on its planned development, aimed at optimum utilisation of available raw materials for maximizing the returns, particularly from exports. The products exported include Leather footwear, Footwear Components (Shoe Uppers, Soles, etc.), Leather Garments, Leather Goods (Including Harness & Saddlery, Leather Gloves, etc.) and Finished Leather.

### Export Potential

The Government of India has identified leather industry as one of the thrust areas of exports. Footwear sector has been identified as an area of extreme focus. Exports from leather sector accounts for about 4% of India's total exports.

Backed by a strong raw-material base and a large reservoir of traditionally skilled and competitive labour force, the Indian leather industry has made significant strides during the past two decades. Export performance of the leather sector went up from Rs.3,036 crore during 1991-92 to Rs.9,004 crore in 2000-01.

The comparative figures of export of leather and leather products relevant to the Company's product range during FY2001-02 and 2002-03 is depicted in the table below:

(Value in Million US\$)

| CATEGORY             | Year ended<br>March 31,<br>2002 | Year ended<br>March 31,<br>Year 2003 | %<br>VARIATION |
|----------------------|---------------------------------|--------------------------------------|----------------|
| FINISHED LEATHER     | 459.25                          | 487.91                               | 6.24%          |
| LEATHER FOOTWEAR     | 395.39                          | 409.67                               | 3.61%          |
| LEATHER GOODS        | 407.16                          | 412.97                               | 1.43%          |
| NON-LEATHER FOOTWEAR | 26.02                           | 27.17                                | 4.43%          |
| <b>TOTAL</b>         | <b>1287.82</b>                  | <b>1337.72</b>                       | <b>3.87%</b>   |

Source: Directorate General of Commercial Intelligence & Statistics, Kolkata

**Country wise export of leather and leather products, where Crew BOS is exporting its products, during last 3 years:**

(Value in Million US\$)

| COUNTRY     | 2000-01 | 2001-02 | 2002-03 |
|-------------|---------|---------|---------|
| U.S.A.      | 342.78  | 286.89  | 237.83  |
| GERMANY     | 307.17  | 304.46  | 265.19  |
| U.K.        | 270.09  | 248.89  | 233.70  |
| ITALY       | 241.07  | 263.11  | 247.93  |
| SPAIN       | 100.75  | 101.30  | 108.18  |
| HONG KONG   | 98.32   | 121.43  | 157.22  |
| FRANCE      | 90.68   | 89.72   | 86.66   |
| NETHERLANDS | 55.56   | 60.50   | 50.00   |
| AUSTRALIA   | 28.33   | 27.07   | 29.55   |
| CANADA      | 26.66   | 27.81   | 23.89   |
| SWEDEN      | 25.39   | 19.91   | 17.42   |
| U.A.E.      | 18.97   | 20.13   | 27.13   |
| SWITZERLAND | 18.61   | 16.92   | 13.33   |
| JAPAN       | 13.33   | 15.34   | 12.95   |
| CHINA       | 8.93    | 13.86   | 15.46   |

(Source of Industry Data: Leather Industry Publication of Council for Leather export of India.)

**Export Obligation:** The company has 2 Export Oriented Units (EOUs) located at 172, Udyog Vihar, Phase – I and 417, Udyog Vihar, Phase – III, Gurgaon, Haryana.. The company fulfils its export obligations and has been a net foreign exchange earner as per the EOU guidelines.

**Competition**

There are no listed companies as competitor in the product segments of Crew BOS and there is no published data/reliable information available about the competitors in the unlisted category.

**10.STOCK MARKET DATA:**

The Company's Equity Shares are not quoted on any stock exchange.

**11.MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:**

Crew BOS has three facilities in Gurgaon manufacturing various fashion products ranging from belts, bags, portfolios, business cases, footwear, wallets, boxes, furniture to home furnishings. The company exports its products to companies with reputed brand names in the U.S., U.K., Europe, etc.

Crew BOS presently employs over 1600 personnel including contract labour. Its operating revenue has grown from Rs. 1744 lacs in FY2000-01 to Rs. 5537 lacs in FY2003-04. The company has been in profits since inception. Its net profit grew from Rs. 131 lacs in FY2000-01 to Rs. 415 lacs in FY2003-04. As at March 31, 2004, the net worth of the company was Rs. 1338 lacs.

Focus on key factors listed below has helped the company to generate business from international markets.

1. Adherence to high standards of quality.
2. Reliance on higher level of automation.
3. Innovation and keeping abreast of latest trends in fashion
4. Setting up of EOU units to avail duty free imports and indigenous procurement.



The Company emphasizes on maintaining high standards in quality and consistency. This helps the Company in retaining the existing customers and in getting repeat orders. The Company plans to get all its units certified under ISO: 9000. The process for the certification of belt unit has already commenced.

### PRODUCT WISE TURNOVER

The break up of the Company's turnover into various products is as follows:

(Rs. in Lacs)

| FY                         | 2001           | 2002           | 2003           | 2004           |
|----------------------------|----------------|----------------|----------------|----------------|
| Bags                       | 674.90         | 1994.42        | 3148.37        | 1525.10        |
| Belts                      | 449.58         | 588.93         | 1333.83        | 946.01         |
| Wallets                    | 55.62          | 69.23          | 183.08         | 535.38         |
| Home Furnishing & Products | 358.80         | 768.30         | 569.32         | 2215.78        |
| Footwear                   | Nil            | Nil            | Nil            | 278.85         |
| Others                     | 200.75         | 50.38          | 100.91         | 24.24          |
| <b>Total</b>               | <b>1739.65</b> | <b>3471.26</b> | <b>5335.51</b> | <b>5525.36</b> |

The Company's business is well spread among its customers from several countries. This helps in mitigating the effect of volatility in any single foreign currency. It is the constant endeavor of the company to maintain and broad base its customers. Out of the total exports for the year ended 31-03-2004, the exports to USA were 52% and to Europe were 47%. The balance was to other international destinations.

The company is not dependent on any single customer. The percentage of revenues derived from the Company's top customer and top 5 customers is tabulated below:

| FY              | 2001   | 2002   | 2003   | 2004   |
|-----------------|--------|--------|--------|--------|
| Top Customer    | 16.80% | 29.50% | 25.58% | 18.08% |
| Top 5 Customers | 64.70% | 73.14% | 74.76% | 55.61% |

The company has achieved satisfactory results for the year ended 31<sup>st</sup> March 2004 despite the depreciation in USD. The increase in exports to Europe helped it to offset the volatility in foreign currency.

The total income for the year-ended 31.03-04 was Rs. 5511 lacs (excluding export incentive & other income) as compared to Rs. 5256 lacs for the year ended 31.03.03 thereby registering an increase of 4.85%.

The total turnover for the year-ended 31.03.03 was Rs.5256 lakhs as compared to 3421 lakhs for the year-ended 31.3.2002 thereby registering an increase of 53.60%.

The total turnover for the year-ended 31.03.02 was Rs.3421 lakhs as compared to 1675 lakhs for the year-ended 31.3.2001 thereby registering an increase of 104.20%, despite the global economic slow down following the 11<sup>th</sup> September event.

### PROVISION FOR INCOME TAX

The company would continue to enjoy Income Tax concession under section 10B of the Income Tax Act, 1961. The company is eligible for tax benefit under section 10B for its two EOUs. The deduction under Section 10B of the Income Tax Act, 1961 is available to the company until 31<sup>st</sup> March 2010 as per the prevailing laws.

### DEBTORS AND CREDITORS

Till FY 2002, exports under Letter of Credit (LC) facility constituted a major part of it's the company's turnover. After the Company achieved certain desired level of comfort with its customers in FY 2002, the business orders were accepted and executed on non-LC terms also. The collection period for the year 2003-04 has decreased to 46 days, thereby reducing the interest cost. . The suppliers have allowed higher credit period (which is tabulated below) and the benefit of the same has been passed on to the international buyers. However, the collection periods are within the industry norms of 90 days.

The company has been enjoying a credit period ranging between 40-60 days from its suppliers and foresees no difficulty in continuing this arrangement with its suppliers.

The average debtors and creditors cycle is tabulated herein below:

**(No. of Days)**

| <b>FY</b>                 | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> |
|---------------------------|-------------|-------------|-------------|-------------|
| Average Collection Period | 55          | 73          | 65          | 46          |
| Average Credit Period     | 40          | 45          | 39          | 55          |

**Age-wise Analysis of Debtors as on 31-03-2004: (Amt. Rs.)**

|                    |                 |
|--------------------|-----------------|
| Less than 180 days | 44084771        |
| More than 180 days | 3691958         |
| <b>Total</b>       | <b>47776729</b> |

**Summary of Financial results for the past 3 years containing significant items of income & expenditure:**

**Rs in lacs**

| <b>FY</b>                          | <b>2002</b> | <b>2003</b> | <b>2004</b> |
|------------------------------------|-------------|-------------|-------------|
| <b>INCOME</b>                      |             |             |             |
| Net Sales                          | 3420.88     | 5255.84     | 5510.98     |
| Other Income                       | 59.01       | 92.90       | 26.04       |
| Total Income                       | 3479.89     | 5348.74     | 5537.03     |
| <b>EXPENDTURE</b>                  |             |             |             |
| Raw Material Consumed – Indigenous | 1056.40     | 2093.68     | 1332.18     |
| Raw Material Consumed – Imported.  | 469.99      | 994.86      | 524.97      |
| Consumable Stores.                 | 137.60      | 145.63      | 161.62      |
| Finished Goods Purchased           |             | 26.10       | 1521.18     |
| Fabrication & Processing           | 318.16      | 414.83      | 427.64      |
| Freight Cartage & Clearing         | 107.31      | 120.34      | 112.67      |
| Wages, Salary, Bonus & Allowances  | 146.15      | 206.48      | 211.01      |
| Freight Outward & Packing          | 399.62      | 257.84      | 109.80      |
| Traveling & Conveyance             | 71.77       | 117.20      | 67.20       |
| Rent                               | 42.02       | 80.30       | 79.93       |
| Interest & Finance charges         | 158.71      | 229.96      | 160.15      |
| Depreciation                       | 53.19       | 86.62       | 112.80      |
| Profit Before Tax                  | 272.78      | 358.16      | 428.65      |
| Provision for Tax                  | 16.00       | 33.15       | 14.00       |
| Net Profit                         | 256.78      | 325.01      | 414.65      |
| EPS                                | 52.34       | 56.78       | 5.88        |

The company has been able to achieve satisfactory results for the year ended on 31<sup>st</sup> March 2004, despite the downward fluctuation in USD. The increase in exports to Europe and sales in domestic market helped it to offset the volatility in any single foreign currency.

The Company has concentrated on consolidation and optimization during FY 2004. In spite of almost flat growth during the period in the sales turnover, the company has been able to increase its profitability by undertaking cost

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cutting measures. The cost reduction measures taken by the company have brought down the total expenditure by 2.50% and improved the profitability. The company has achieved cost reduction in personnel and marketing expenses. The personnel cost has reduced by addition of machinery thereby reducing man power requirements. The terms of shipping with certain buyers have been re-negotiated from CIF basis to FOB basis.

Other income of the company primarily consists of income from interest on margin money and deposits with banks.

The overall interest cost is reduced by 1% because of utilization of additional working capital facility from Citibank, in foreign currency. The foreign currency borrowing from Citibank is available to the company at the interest rate of minimum 75 basis points above LIBOR, which works out to around 2-2.5% as against rupee borrowing at the interest rate of 8%.

### **Comparison of Performance for Financial year ended 31<sup>st</sup> March 2004 vis-à-vis 31<sup>st</sup> March 2003**

#### **INCOME**

The total income for the year-ended 31.03-04 was Rs. 5511 lacs as compared to Rs. 5256 lacs for the year ended 31.03.03 thereby registering an increase of 4.85%. Due to the fluctuation in the foreign currency and the strengthening of rupee, the company deliberately decided to concentrate more on the domestic segment. As a result the domestic sales have touched a turnover of Rs.1616 lacs as against Nil in the previous year.

#### **EXPENDITURE**

Total Expenditure for the year-ended 31.03.04 was Rs.5194 lacs as compared to Rs.5110 lacs for the year-ended 31.03.2003 thereby registering an increase of 1.64%.

There had been a significant reduction in the expenses pertaining to Freight Outward & Packing to the extent of 2.68% of the sales turnover over last year. This reduction was brought about due to change in shipping terms with some of the foreign buyers from Cost Insurance Freight (CIF) to Free on Board (FOB) terms.

There has also been a reduction in Travelling & Conveyance to the extent of 0.9% of the sales turnover over last year primarily due to the reduction in foreign travel of the marketing team and increased concentration on the domestic market.

#### **NET PROFIT**

The profit after tax for the year-ended 31.03.04 was Rs.414.65 lakhs as compared to Rs.325.00 lakhs for the year-ended 31.3.2003 thereby registering an increase of 27.58%.

The Profit after Tax to turnover Ratio is 7.37% for the year ended 31.03.04 as compared 5.94% during the year ended 31.03.03. The reason for the increase in Net profit ratio is due to effective cost management and prudent marketing policies in view of the declining trend of USD.

#### **NEW DEVELOPMENTS**

During the year the company has concentrated on the Home furnishing segment, as the company feels this segment holds potential for future growth and has invested Rs. 60 lacs in Plant & Machinery for this segment.

### **Comparison of Performance for Financial year ended 31<sup>st</sup> March 2003 vis-à-vis 31<sup>st</sup> March 2002**

#### **INCOME**

Total Turnover for the year-ended 31.03.03 was Rs.5348.74 lakhs as compared to 3479.89 lakhs for the year-ended 31.3.2002 thereby registering an increase of 53.70%.

The export turnover for the year-ended 31.03.03 was Rs.5255.84 lakhs as compared to 3420.88 lakhs for the year-ended 31.3.2002 thereby registering an increase of 53.64%.

#### **EXPENDITURE**

Total Expenditure for the year-ended 31.03.03 was Rs.4990.58 lakhs as compared to Rs.3207.11 lakhs for the year-ended 31.3.2002 thereby registering an increase of 55.61%.

There had been reduction in the value of consumable stores to 2.77% of turnover from 4.02% of turnover in 2001-02. This was on account of duty free imported consumables; the exemption in import duty in EOU brought about the reduction in cost.

There had also been a reduction in the fabrication and processing charges to 7.89% of turnover from 9.30% of turnover in 2001-02 because of enhancement in the in house capacity. The company purchased machinery worth Rs.83 Lacs to increase the capacity of bags.

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During the year Company entered into multiple banking arrangement with Citibank N. A. and the Karur Vysya Bank Limited The working capital facility from Citibank was availed in foreign currency. In the four months period (Dec.2002 to March 2003) this brought down the interest and finance charges to 4.38% from 4.65%.

#### **NET PROFIT**

The profit after tax for the year-ended 31.03.03 was Rs.323.16 lakhs as compared to Rs.256.78 lakhs for the year-ended 31.3.2002 thereby registering an increase of 25.85%.

The Profit after Tax to turnover Ratio is 6.04% for the year ended 31.03.03 as compared 7.38% during the year ended 31.03.02. The reason for the decline in Net profit ratio is due to acceptance of increased business at very competitive prices. The Company was successful in diverting business from its Chinese competitors at slightly lower profit margins.

However the over all profitability has increased by 25.85% justifying the management's move in taking more business at competitive rates.

#### **NEW DEVELOPMENTS**

During the year the export oriented unit situated at 172, Udyog Vihar, Phase – I, Gurgaon was sanctioned an additional location at 417, Udyog Vihar, Phase – III, Gurgaon . This unit commenced commercial production from December 2002.

The Bags & wallets division was located at unit 417 and the belt & footwear unit was situated at unit 172. The units were housed together to achieve economies of scale since the production processes required common skills and mechanisation.

#### **Comparison of Performance for Financial year ended 31<sup>st</sup> March 2002 vis-à-vis 31<sup>st</sup> March 2001**

##### **INCOME**

Our Total Turnover for the year-ended 31.03.02 was Rs.3479.89 lakhs as compared to Rs.1741.82 lakhs for the year-ended 31.3.2001 thereby registering an increase of 99.78%.

The export turnover for the year-ended 31.03.02 was Rs.3420.88 lakhs as compared to Rs.1674.93 lakhs for the year-ended 31.3.2001, thereby registering an increase of 104.24%. This was in spite of the global economic slow down following the September 11 events.

In addition to existing customers the company was able to attract some new big customers for its bag unit like Banana Republic and Kenneth Cole.

##### **EXPENDITURE**

Total Expenditure for the year-ended 31.03.02 was Rs.3207.11 lakhs as compared to Rs.1599.15 lakhs for the year-ended 31.3.2001 thereby registering an increase of 100.55%.

##### **NET PROFIT**

The profit after tax for the year-ended 31.03.02 was Rs.256.78 lakhs as compared to Rs.130.67 lakhs for the year-ended 31.3.2001 thereby registering an increase of 96.51%.

The Profit after Tax to turnover Ratio is 7.38% for the year-ended 31.03.02 as compared 7.50% during the year ended 31.03.01. The reason for the marginal decline in Net profit ratio is due to reduction in Duty drawback rates by Government of India and commencement of phased withdrawal of tax benefits u/s. 80 HHC of the Income Tax Act, 1961. The Company however set up 100% EOU which became eligible to tax benefits u/s. 10B of the Income Tax Act, 1961.

However the over all profitability has increased by 96.51%.

#### **NEW DEVELOPMENTS**

During the year the company set up a 100% EOU unit at 172, Udyog Vihar, Phase 1, Gurgaon. The unit began its commercial operations in May 2001.

In order to provide the necessary machinery set-up to cater to the enhanced demand, the company purchased machineries worth Rs. 83.20 lacs for bag unit and worth Rs. 33.42 lacs for the belt unit during the year 2001-02.

#### **Information Regarding:**

##### **a) Unusual or infrequent events or transactions:**

There have been no unusual or infrequent transactions that have taken place.

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

Volatility in foreign exchange rates may have an inflationary effect on cost of imports. However as the company exports a substantial proportion of its turnover, any inflationary effect on imports will be more than offset by higher realization on exports. On the other hand if the rupee strengthens against the USD, it would affect forex realizations. However the company has a well spread base of customers spread across, US and Europe. Hence a single currency fluctuation is expected to have a minimal effect. Barring these factors, there are no significant economics changes that materially affect or likely to affect income from continuing operations.

c) **Known trends or uncertainties**

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

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

1. **Economies of scale:** The expansion of the current operations would enable the company to procure raw materials in bulk. This would in turn result in negotiating for competitive prices and help the company to achieve economies of scale.
2. **Raw material:** The proposed finishing unit of the company at Manesar would provide the company with international quality leather at cheaper prices thus reducing the raw material procurement cost. This would lead to substantial decrease in overall cost since leather is the main raw material, thereby bringing about an increase in the margins.
3. **Interest costs reduction:** The company has brought in Citibank under the multiple banking arrangements and has converted substantial amount of its borrowings into foreign currency. This has brought down the interest cost.
4. **Automated plant:** The company is moving towards lesser dependence on labour and greater reliance on automation. The belt plant and the proposed finishing unit involve a high level of automation. This will lead to reduction in labour cost and lead times.
5. **Traveling cost of personnel:** The wholly owned subsidiary in Italy will result in effective marketing in the European region. This will also have the effect of reducing the traveling cost of the personnel.

e) **Seasonality of business**

There are no Products sold which are seasonal in nature.

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

The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. The threat from excessive dependence on a single customer is not significant as the customer base is well diversified.

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

The Fashion Industry, being the primary industry in which the Company operates, does not have a recognized association for monitoring and accumulation of industry data.

Export performance of the leather sector which comprises leather and leather products is increasing and last year the industry exports touched Rs.9000 Crores.

h) **Competitive conditions**

The Company is fashion accessory outfit and has a wide range of products. While it is difficult to identify any single company having the entire product range, the Company has to contend with competition in the individual products, particularly at the international level. Innovation and adherence to international quality standards helps the Company in successfully facing the competition.

i) **New Products introduced during the year ended 31<sup>st</sup> March 2004.**

- a) The Company has entered into the fashion footwear segment this year on commercial basis. The footwear segment caters to ladies footwear and involves export of both leather and non-leather footwear.

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- b) The company has also started designing novelty fabrics in house on looms installed in one of its factories.

**DETAILS OF ANY ENCUMBRANCES OVER THE PROPERTY OF THE COMPANY AND GUARANTEES GIVEN BY THE COMPANY TO ANY OTHER PARTY:**

There are no encumbrances over the property of the company except the mortgage of Immovable properties and Hypothecation of movable assets including current assets to Banks and financial institutions to secure their first charge for Working Capital Limits and term loans, details of which are given in the Auditors' Report.

**DETAILS OF MATERIAL DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET:**

There are no material developments after the date of last balance sheet that is likely to affect the performance and Prospectus of the Company. The Directors are of the opinion that to the best of their knowledge, as on date, no circumstances have arisen since the date of the last financial statement that materially and adversely affect or are likely to affect the operations or the profitability of the company or the value of its assets or its ability to pay its liabilities within the next twelve months.

**12.FINANCIAL INFORMATION OF GROUP COMPANIES:**

The financial information for the last 3 years based on the audited statements in respect of all the companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 are given elsewhere in the offer document.

There are no transactions of Sales or Purchases between Promoters- Group in the last 3 years except the related party transactions disclosed in the Auditor's Report.

**13.PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1)(B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS:**

There are no listed companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956.

**Promise vis—vis Performance**

Crew BOS Products has not made any public issue of shares since its incorporation. There is no group company, which has made any public issues.

**Listed Ventures of Promoters (if any) - Promise vis—vis Performance.**

There are no listed ventures of Promoters.

**14.BASIS FOR ISSUE PRICE:**

**Qualitative Factors**

- ♦ Existing, profit making company since inception and dividend paying since 1993.
- ♦ Company has diversified range of fashion products made from fabrics and leathers.
- ♦ The Company has received the award for highest export turnover of leather goods by the Council of Leather Exports in the category of US \$ 1 million to US \$ 5 Million for the financial year 2001-02.
- ♦ The company exports to known customers in USA and Europe who have significant presence all over the globe. The list of top buyers include: GAP, Banana Republic, Chico's, NEXT, ESPRIT etc.

**Quantitative Factors**

**1. Adjusted earning per share (EPS) weighted**

| Year             | EPS   | Weightage |
|------------------|-------|-----------|
| 2001-2002        | 52.34 | 1         |
| 2002-2003        | 66.48 | 2         |
| 2003-2004        | 5.88  | 3         |
| Weighted average | 33.82 |           |

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2) **Price Earning ratio (PE ratio) in relation to the issue Price of Rs. 35**

|  |      |
|--|------|
| a) Based on 2003-2004 EPS                    | 5.95 |
| b) Based on weighted average EPS             | 1.03 |
| c) Leather / Leather Products Industry P/E * |      |
| i) Highest                                   | 9.1  |
| ii) Lowest                                   | 2.2  |
| iii) Average                                 | 5.7  |

\*Source: Capital Market Volume XIX/10, July 19-August 1, 2004.

The Company is in fashion accessories segment. There are no listed companies of comparable size in the same line of business. The accounting ratios of companies in the Industry Group (Leather/Leather Products) are as follows:

| Company                        | EPS (Rs.) | P/E Ratio | RONW (%) | NAV (Rs.) |
|--------------------------------|-----------|-----------|----------|-----------|
| Crew BOS (as on 31-03-2004)    | 5.88      | 5.95      | 30.75    | 19.12     |
| Bhartiya International Limited | 12.00     | 2.30      | 11.15    | 107.60    |
| Mirza Tanners Limited          | 6.70      | 9.10      | 12.71    | 52.70     |

@ Source: Capital Market Volume XIX/10, July 19-August 1, 2004.

3) **Return on Net worth**

| Year             | RONW (%) | Weightage |
|------------------|----------|-----------|
| 2001-2002        | 31.62    | 1         |
| 2002-2003        | 25.87    | 2         |
| 2003-2004        | 30.75    | 3         |
| Weighted Average | 29.27    |           |

Minimum return on total Net worth after issue needed to maintain pre issue EPS of Rs. 5.88 : 23.62%

4) **Net Asset Value (NAV) per share (Rs.)**

|                         |       |
|-------------------------|-------|
| a) As on March 31, 2004 | 19.12 |
| b) After issue          | 24.90 |
| c) Issue Price          | 35.00 |

5) The face value of shares is Rs. 10/- and the issue price is 3.5 times of the face value.

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## 15. OUTSTANDING LITIGATIONS OR DEFAULTS:

### Pending cases against the Company

- There are no litigations in which the promoters are involved, defaults to the financial institutions/banks and non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/firms promoted by the promoters except that certain workers of the Company, aggregating six in number, whose services have been terminated, have served notices of demand under sections 2(A) and 2(K) of the Industrial Disputes Act, 1947 on the Company for reinstatement with full back wages, dues and consequential benefits. The above demand notices state that the termination of services has been done wrongly, illegally and in violation of principles of natural justice. The Government of Haryana has, under section 10(1) of the Industrial Disputes Act, 1947, referred these notices to the Industrial Tribunal. The financial impact of the above notices can not be quantified at this stage.
- There are no such cases of pending litigations, defaults, etc. in respect of companies / firms / ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- There are no litigations against the promoter or director, involving violation of statutory regulations or criminal offence.
- There are no pending proceedings initiated for economic offences against the directors, the promoters, companies and firms promoted by the promoters.
- There are no cases against the Company or its promoters of economic offences in which penalties were imposed by the concerned authorities.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956). No new litigations have arisen against the company after the SEBI observation letter.

## 16. RISK ENVISAGED BY MANAGEMENT & MANAGEMENT PROPOSAL (MP) THEREOF:

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and you may lose all or part of your investment.

### RISKS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

1. The Company is promoted by first generation entrepreneurs and the investors will be subjected to all consequential risk associated with such ventures.

**MP:** Mr. Tarun Oberoi and Mr. Robin Bartholomew have been managing the company successfully for over a decade. The company has professionals in key areas of Production, Marketing and Finance.

2. Apart from the expansion project proposed to be funded by the IPO, the company is also in the process of setting up the following:

- A project for finishing leathers at Manesar aggregating Rs.919.63 lacs funded by term loan from HSIDC and internal accruals and
- A wholly owned subsidiary at Italy aggregating Rs.137.31 lacs funded through internal accruals.

The company has not placed orders for plant and machinery and other fixed assets aggregating Rs. 93.81 lacs for the Manesar project. Of this Plant & Machineries worth Rs. 47.64 lacs have to be imported. Any weakening of the rupee against the respective foreign currency may increase the cost of machinery.

Any delay in the implementation of these projects would result in cost overrun and would affect the financials of the company and could also affect the proposed expansion project to be funded through the IPO.

**MP:** The Company has already invested Rs.335.84 lacs in the project at Manesar and Rs. 12.49 lacs for the WOS in Italy till 14-07-2004. The implementation of these projects is as per original schedule and commencement of production is expected on time. The provision for cost overrun and escalation is made



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in the project cost. In case of any cost overrun, the company shall invest the funds from its internal accruals. The company has sufficient export earnings in foreign currency and therefore it is a natural hedge against any exchange rate fluctuation. Any increase in cost of machinery due to exchange rate fluctuation shall be met out of internal accruals of the company.

3. The Company has not yet placed orders for any of the machinery and equipment required for proposed expansion project to be funded by the IPO for which an amount aggregating Rs 533.91 lacs has been included in the cost of project.

**MP:** The Company has already received quotations from the suppliers and the orders shall be placed after the completion of construction of building for the proposed project.

4. One of the Group concern viz. Ideas India, a partnership firm of the promoters, has been in the same line of business of Crew BOS, which may create a conflict of Business interest.

**MP:** The promoters of Crew BOS being partners of M/s. Ideas India have decided to convert Ideas India into a Company. Accordingly, Ideas India has been converted into Crew Home Products Private Ltd. under Part IX and the same shall be converted into a wholly owned subsidiary of the Company by transfer of the shares by all the members in favour of Crew BOS at book value. The necessary steps have been initiated towards this end.

5. Crew Trade Post Pvt Ltd. (CTPL) an associate company, with trading/consultancy in leather and leather related products as its main business activity, may create conflict of business and a possible shift of business from the company.

**MP:** CTPL was incorporated in January 2001 with the objective of trading/consultancy in leather and leather related products. However, CTPL has not commenced its trading operations till date and does not plan to undertake any leather related business in future

6. The Company's investment in Italy project of Rs. 137.31 Lacs is funded from internal accruals. This being their first overseas venture may result in unforeseen circumstances having an impact on the operations of the Company.

**MP:** The Company has already developed business connections in Italy over a period of time. The Management is confident that it will be able to succeed in Italy by value addition through the 'Made in Italy' brand.

7. The Company proposes to set up a retail outlet in Gurgaon for retailing its products under its own brand name.

- The Company is a new entrant in the retail segment and has no experience in the retail marketing. The Company does not have any established brand name hence the future growth of the Company from retailing will depend on establishment of the Brand.
- The Company is yet to identify the location for the proposed retail outlet and yet to apply for registration for the same under Shops and Establishment Act and the Sales Tax Act.

**MP:** The company has been marketing its products in the international market for more than a decade. It has in-house designing capabilities and manufacturing facilities in all fashion accessories products. The company is in the process of finalizing the brand name for the retail business.

The Company proposes to open a retail outlet in Gurgaon, which is a part of National Capital Region (NCR) of Delhi. Gurgaon is a fast upcoming town neighboring Delhi and a number of new shopping malls are coming up there. The Company will be able to take a retail outlet on rent in any of the upcoming mall. The Company shall apply to appropriate authorities for registration once it acquires the premises.

#### 8. **Litigations:**

Certain workers of the Company, aggregating six in number, whose services have been terminated, have served notices of demand under sections 2(A) and 2(K) of the Industrial Disputes Act, 1947 on the Company for reinstatement with full back wages, dues and consequential benefits. The above demand notices state that the termination of services have been done wrongly, illegally and in violation of principles of natural justice. The Government of Haryana has, under section 10(1) of the Industrial Disputes Act, 1947, referred these notices to the Industrial Tribunal. The financial impact of the above notices cannot be quantified at this stage.

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**MP:** The workers were absent from duty and did not reply to the show cause notices issued by the company. All the six cases against the Company are continuing in the Industrial Tribunal, Government of Haryana and the decision in the said matter is awaited.

9. Company's manufacturing activities are highly labour intensive and dependant on availability of skilled and unskilled labourers in large numbers. Labour intensive operations call for good monitoring and maintenance of relations. Non-availability of labourers and/or any dispute between the labour and management may affect the business operation of the company.

**MP:** The Company has been handling the labour and related issues efficiently and this has contributed to the smooth functioning of the operations. The Company is conscious about the need for introducing more automation in the operations. The existing belt plant and the finishing leather plant under implementation at Manesar are automated and the labour requirement is comparatively less.

10. The Company is a part of the fashion accessory industry & needs to keep abreast with the rapid changes in buying habits, buyers' requirements and fashion trends.

**MP:** Company's in house design cell is led by the Managing director, Mr. Tarun Oberoi. The team subscribes to various magazines, visits international fairs and seminars on a regular basis for vital inputs about the latest trends in fashion. The Company has set up a wholly owned subsidiary in Italy, which will further assist in keeping pace with the rapid changes in fashion industry.

11. The Company has not made application for additional power requirement estimated at 340KVA for the expansion project.

**MP:** The Company shall apply to Haryana Vidyut Power Nigam (HVPN) for the required power after the building construction is completed. As alternative backup arrangement, the Company proposes to acquire a 380KVA generator.

12. The proposed project is mainly funded by Public Issue, any delay in raising funds from the public issue may delay in implementation of the project, which may have an adverse impact on the performance of the Company.

**MP:** The company has made a contingency provision of Rs.90.17 lacs in the project cost for cost escalation. The existing operations of the Company are profitable and the company shall meet any further unforeseen cost escalation from internal accruals.

13. Pending utilization in the project, the proceeds of the issue will be invested in non-productive assets such as Govt. Securities and Bank Deposits in short and medium term. This deployment may not result in adequate returns for the company.

14. While the project has been appraised by UTI Securities Limited, the appraising agency has no financial stake in the project. Further, there will be no monitoring of the project by any institution.

**MP-** The management of the Company has experience in implementing similar projects in the past. The Company will ensure judicious deployment of funds as per the project implementation schedule.

15. The Company is yet to apply to Haryana Pollution Control Board (HPCB) for the necessary environmental clearances for the proposed project.

**MP -** The application for the necessary environmental clearance can be made only after completion of the civil works and installation of the required Plant & Machinery. The Company shall apply for the consent from HPCB after the said work is completed. Further, the company does not envisage any difficulty in obtaining the necessary environmental clearances.

16. The interest rates on term loans availed by the company is significantly higher than the prevailing market rate. In a soft interest rate scenario, the company's margins will be affected due to its higher cost of borrowing.

**MP -** The terms loans outstanding as on 31-03-2004 amounts to Rs.269.19 lacs. The average cost of borrowing works out to 12.82% p.a. All the loans are at the prevailing rate of interest barring Building and Plant & Machinery term loans sanctioned @ 15% p.a. (28.23 lacs) and 14% p.a. (50.97 lacs) respectively from Karur Vysya Bank. The company has made applications to its bankers for reduction in the interest rates on their borrowings. Since the amount of loan is small, the the adverse effect on company's margins will not be significant.

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17. The contingent liabilities of the company as on 31.03.2004 as certified by the auditors are as follows:

**Rs. in lacs**

|  |        |
|--|--------|
| Guarantees given by Bankers            | 22.50  |
| Corporate Guarantee for Sister Concern | 215.00 |
| Capital Commitments                    | 235.71 |
| Bond Given to Excise authorities       | 562.52 |
| Letter of credit established by bank   | 185.88 |

Crystallization of any of the above liabilities may require the company to honour the demands, if any, which may adversely impact the company's liquidity and thereby have material adverse impact on the financial resources and networth.

**MP:** The contingent liabilities are in the normal course of business and the company does not perceive the possibility of any of the liabilities being crystallized.

**EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY**

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

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

2. The Company currently benefits from the various income tax exemptions and deductions, which are applicable for companies having export income. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase the Company's future tax liabilities and reduce the profits of the Company in future.

**MP:** The phased elimination of tax benefits by Government of India would not affect the Company adversely as two of Company's units are 100% Export Oriented Units (EOUs), which are entitled to exemptions in income tax, sales tax, excise and customs duties till the year 2010.

3. The value of the USD has been depreciating vis—vis the Indian Rupee resulting in decrease in the profit margins in export sales.

**MP:** The Company's turnover is evenly distributed between Europe & America and this will negate the downward fluctuation in dollar. The European currencies namely the Euro and the GBP have appreciated vis-a-vis the Indian rupee. The appreciation in European currencies has offset the depreciation in the value of US\$ vis-a-vis the Indian Rupee. Further, the company is venturing into the domestic retail segment, which will have no exchange risk.

4. Certain international social groups have been campaigning to restrict the import of leather products made out of Indian bovine material until their demand of humane treatment to these animals during transportation is resolved to their satisfaction.

**MP:** The Company manufactures and exports fashion accessories made out of leather and other raw materials such as textiles and synthetic fabrics like PU, PVC, Nylon etc. In case of any unforeseen restrictions, the Company would import more quantities of leather and procure lesser quantity from India. Since the imports of leather are duty free, the cost impact would be minimal. Alternatively, the company may shift to other raw materials such as fabrics, metal, wood, etc. Also, the council for leather exports has taken a number of steps proposed by the social group for improvement in treatment to animals during transportation in the country.

5. Terrorist attacks and other acts of violence or war involving India and other countries where the Company sells its products could adversely affect the Company's business.

**MP:** Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001 and other acts or violence or war may negatively affect the Indian markets where the Equity Shares of the Company will trade. These acts may also result in a

loss of business confidence, make travel and other services more difficult and ultimately affect the Company's business, financial conditions and results of operations. Also as a result of such events, India, or certain other countries may enter into armed conflict with other countries. The consequences of any potential armed conflicts are unpredictable, and the Company may not be able to foresee events that could have a material adverse effect on its business, financial condition or results of operations.

#### NOTES

1. Pre-issue Net worth of the Company as on 31<sup>st</sup> March 2004 is Rs. 1338.30 lacs.
2. Size of the present issue - public issue of 40,00,724 equity shares of Rs. 10/- each for cash at premium of Rs. 25/- per share aggregating Rs. 1400.25 Lacs.
3. Average cost per share of Crew BOS to the promoters is Rs. 0.034. The Book Value per share as on 31<sup>st</sup> March 2004 is Rs.19.12.
4. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with The Stock Exchange, Mumbai, the Designated Stock Exchange.
5. The investors may contact the Lead Manager or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same.
6. Applicants are advised to refer to the paragraph on "Basis of Offer Price" mentioned in the Prospectus before making an investment decision in respect of this Offer.
7. Since inception, the company has issued 69,75,273 bonus shares by capitalisation of free reserves, out of which, Mr. Tarun Oberoi and Mr. Robin Bartholomew, promoters have been allotted 31,99,285 and 10,81,824 bonus shares respectively.
8. Diminution in value of quoted investments: The book value of quoted investments is Rs. 2.79 lacs, whereas the market value of the quoted investments as on 31-03-2004 is Rs. 2.09 lacs.
9. All information shall be made available by the Lead manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
10. **Related party transactions are given below:**

**Amt. In Rs. lacs**

| Name of the Party  | Nature of relationship   | Nature of transaction       | FY 02  | FY 03  | FY 04  |
|--|--------------------------|-----------------------------|--------|--------|--------|
| La Tatva S.r.l., Italy   | Wholly Owned Subsidiary  | Capital Contribution        | —      | —      | 5.69   |
|  |                          | Loans & Advances            | —      | —      | 4.45   |
| Ideas India  | Associated Enterprise    | Sample Development Income   | 3.18   | 7.35   | —      |
|  |                          | Sample Development Expenses | 10.21  | 1.56   | 1.29   |
|  |                          | Guarantees Issued           | 140.00 | 165.00 | 215.00 |
|  |                          | Fabrication exp             | —      | —      | 15.39  |
| Jodhpur Supply company   | Associated Enterprise    | Purchases                   | —      | 8.62   | —      |
|  |                          | Sample Development Expenses | 2.49   | —      | —      |
| Crew Concepts and Technology Pvt. Ltd.                         | Associated Enterprise    | Consultancy charges         | 2.70   | —      | 3.97   |
|  |                          | Software Development        | —      | 6.49   | —      |
|  |                          | Outstanding Receivable      | 0.22   | 1.23   | —      |
| Joywin Systems Pvt. Ltd.                                       | Associated Enterprise    | Professional Charges        | —      | —      | 5.10   |
| Mr. Tarun Oberoi<br>Mr. Robin Bartholomew<br>Mr. Puneet Nikore | Key Management personnel | Directors remuneration      | 11.70  | 7.49   | 11.64  |
|  |                          | Directors remuneration      | 7.20   | 7.20   | 8.28   |
|  |                          | Directors remuneration      | —      | —      | 1.50   |

11. **The Company has issued 6975273 equity shares of Rs 10/- each as Bonus Shares by capitalization of free reserves as detailed below:**

| <b>Date of allotment</b> | <b>No of shares</b> | <b>Ratio</b> |
|--------------------------|---------------------|--------------|
| 23.02.98                 | 72009               | 3:1          |
| 31.03.01                 | 384048              | 4:1          |
| 20.05.03                 | 1440180             | 3:1          |
| 30.09.03                 | 5079036             | 2.645:1      |
| <b>Total</b>             | <b>6975273</b>      |              |

**Highlights:**

- ♦ Existing, profit making company since inception and dividend paying since 1993.
- ♦ Company has diversified range of fashion products made from fabrics and leathers.
- ♦ The Company has received the award for highest export turnover of leather goods by the Council of Leather Exports in the category of US\$ 1 million to US \$ 5 Million for the financial year 2001-02.

The company exports to known customers in USA and Europe who have significant presence all over the globe. The list of top buyers include: GAP, Banana Republic, Chico's, NEXT, ESPRIT etc.

**17.DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM:**

The company has appointed, 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 and Branch. The company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

**Investors' grievances redressal mechanism**

The Registrar to the Issue namely M/s. Skyline Financial Services Private Limited will handle investors' grievances pertaining to this 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 the Registrars 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-

| <b>Nature of the Complaint</b>                     | <b>Time Taken</b>  |
|--|--|
| 1. Non-receipt of the 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. Pankaj Tewari as Compliance Officer who would directly deal with SEBI officer with respect to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems. The Compliance officer will be available at the Corporate Office of the Company.

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## PART - II

### A. GENERAL INFORMATION:

#### Consents

Consents in writing of the Directors, Auditors, Lead Managers to the Issue, Banker to the issue, Company Secretary, Compliance Officer, Legal Advisor and Registrars to the Issue to act in their respective capacities have been obtained and filed along with Copy of Prospectus with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this prospectus for Registration with the said Registrar of Companies, NCT of Delhi & Haryana.

M/s. Anil K. Goyal & Associates, Chartered Accountants, Auditors of the Company 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 Draft Prospectus and also of the 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 a copy of this Draft Prospectus for Registration with the Registrar of Companies, NCT of Delhi & Haryana.

#### Expert Opinion

Except for the various tax benefits available to the Company and its members expressed by the auditors of the Company given elsewhere in this Draft Prospectus, the Company has not obtained any other expert opinion.

#### Changes in the Board of Directors during the last three years:

| Name                      | Date of Appointment | Date of resignation | Reason                               |
|---------------------------|---------------------|---------------------|--------------------------------------|
| Mr. Puneet Nikore         | 30.09.2003          | N. A.               | To broad base the Board of Directors |
| Mr. Pradyot Mukerji       | 30.09.2003          | 10.01.04            | Personal                             |
| Mr. Naveen Anand          | 30.09.2003          | N. A.               | To broad base the Board of Directors |
| Mr. Deepak Manchanda      | 30.09.2003          | N. A.               | To broad base the Board of Directors |
| Mr. Sameer Lakshman Katre | 13.01.04            | N. A.               | To broad base the Board of Directors |

Except for the above there is no other change in the Directors during last 3 years.

#### Changes in Auditors during the last three years and reasons thereof:

The Statutory Auditors, M/s Anil K. Goyal & Associates, Chartered Accountants were appointed on 31.03.2001 consequent upon the resignation of M/s Puneet Associates, Chartered Accountants as the Auditors of the Company.

Except for the above there is no other change in the Auditors during last 3 years.

#### Authority for the Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of Equity Shares has been authorized vide Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on 9<sup>th</sup> December 2003 and a resolution passed by the Board of Directors on 27<sup>th</sup> November 2003.

#### INTEREST ON EXCESS APPLICATION MONEY

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not despatched within 30 days from the date of closure of the subscription list as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter No.F-8/6/SE/79 dated July 21, 1983 and as amended vide their letter No. F/14/SE/85 dated September 27, 1985 addressed to the Stock Exchanges and as further modified by SEBI's circular SMD/RCG/33/1819/96 dated May 15, 1996.

#### ISSUE OF SHARE CERTIFICATES

In case the Company issues letters of allotment, the related equity share certificates will be dispatched through registered post within two (2) months from the date of allotment in exchange for the letters of allotment

#### APPLICATION OF SECTION 269SS OF THE INCOME TAX ACT, 1961.

In respect of the provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheque or an account payee draft /stock invest, if the amount payable is Rs.20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

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## **DENOMINATION OF SHARE CERTIFICATES**

As the trading of the Company's shares will be undertaken in dematerialized form only, the Company shall issue the shares to all applicants who provide their demat account details in dematerialized form only. However an investor will have an option to hold the shares in Physical form or demat form. The Registrar to the Issue will issue to the said allottee a single certificate for all the shares allotted to the said applicant in case an investor requests for rematerialization of his shares. This will save dematerialization costs for the applicant.

### **ISSUE MANAGEMENT TEAM:**

#### **LEAD MANAGERS TO THE ISSUE**

UTI Securities Limited  
SEBI Regn. No. INM000007458  
4<sup>th</sup> Floor, Merchant Chamber,  
41, Sir Vithaldas Thackersey Marg,  
New Marine Lines,  
Mumbai - 400 020.  
Tel: 91-22- 5667 0606 / 5667 0607  
Fax: 91-22- 2203 0165  
Email: crewbos@utisel.com

#### **REGISTRARS TO THE ISSUE**

##### **Skyline Financial Services Private Limited**

**SEBI Regn. No. INR000003241**

123, Vinoba Puri,  
Lajpat Nagar - II,  
New Delhi - 110024  
Tel: 91-11-29847136, 29833777  
Fax: 91-11-29848352  
Email: crew@skylinerta.com

#### **AUDITORS TO THE COMPANY**

##### **Anil K. Goyal & Associates,**

Chartered Accountants  
206, Siddharth Chambers,  
Hauz Khas,  
New Delhi - 110016

#### **BANKERS TO THE COMPANY**

##### **The Karur Vysya Bank Ltd**

Karol Bagh,  
New Delhi - 110005

##### **Citibank N.A.**

Jeevan Vihar, Parliament Street,  
New Delhi - 110001

#### **BANKERS TO THE ISSUE:**

##### **HDFC Bank**

B 6/3, Safdarjung Enclave  
DDA Commercial Complex  
Opp. Deer Park,  
New Delhi - 110 029.  
Tel: 91-11-51392151-61  
Fax: 91-11-51652283

##### **The Karur Vysya Bank Ltd**

Poonam Chambers, Bank Street  
Karol Bagh, New Delhi.  
Tel: 91-11-25767746 / 25712029  
Fax: 91-11-25729079

##### **Citibank N.A.**

Upper Ground Floor  
Himalaya House, 23, K.G. Marg,  
New Delhi - 110 001.  
Tel: 91-11-23326152  
Fax: 91-11-23753524

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

##### **Mr. Lalit Kumar, Advocate**

9-A, Atma Ram House,  
1, Tolstoy Marg,  
New Delhi - 110 001.  
Tel: 91-11-23311507 / 23314664 / 23355296-97

#### **COMPLIANCE OFFICER/COMPANY SECRETARY:**

##### **Mr. Pankaj Tewari**

Company Secretary  
Crew B.O.S. Products Ltd.  
199, Udyog Vihar, Phase -I  
Gurgaon- 122 016.  
Haryana.  
Tel: 91-124-2439400  
Fax: 91-124-5005011  
E-mail: pankaj.tewari@crewbos.com

**Investors are requested to contact the Compliance Officer in case of any pre issue / post issue related problems such as non-receipt of letter of allotment /share certificate / refund orders, non demat account credit, etc.**

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## B. FINANCIAL INFORMATION:

### AUDITORS' REPORT

To,

The Board of Directors,  
M/s Crew B. O. S. Products Limited,  
M-16, First Floor, Commercial Complex,  
Greater Kailash II, New Delhi - 110048

We have examined and found correct the Audited Accounts of **M/s Crew B. O. S. Products Limited** for the past five financial years ended on 31/03/2000, 31/03/2001, 31/03/2002, 31/03/2003 and 31/03/2004 being the last date up to which the accounts of the Company have been made and audited by us. At the time of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts.

In accordance with the requirements of:

- a. Paragraph B (1) of part II of Schedule II to the Companies Act, 1956
- b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI in pursuance of section 11 of SEBI Act, 1992

1. We report that:

- a) The **Statement of Assets & Liabilities** in **Annexure I** and the **Statement of Profit & loss** in **Annexure II** have been extracted from the above referred Audited statements and drawn in accordance with the Provisions of Paragraph 6.18.7 of SEBI (Disclosures and Investor Protections) Guidelines 2000.
- b) The dividends declared/proposed by the Company in respect of five financial years are given in Annexure II under appropriations.
- c) All Significant Policies & Notes to Accounts and Standards followed in the preparation of financial statements have been disclosed in the Annexure III.
- d) There has been no change in the accounting policies followed by the Company in respect of the above-mentioned accounting periods.
- e) The Company has been following the normally accepted accounting Principles and standards

2. We further report that the following **Other Financial Information** as per **Annexure IV**

- a) Statement of Performance ratios relating to Earning per share, Net asset Value and Return on Net worth.
- b) Details of Unsecured loans.
- c) Tax Shelter Statement.
- d) Capitalization Statement.
- e) Principal Terms of Secured Loans and Assets charge as security.
- f) Related party transactions
- g) Segment Reporting

have been drawn in accordance with the Provisions of Paragraph 6.18.7 of SEBI (Disclosures and Investor Protections) Guidelines 2000, and give the information in the manner so required.

3. We further certify that the company has incorporated a wholly owned subsidiary in Italy on 09/03/2004, which is yet to commence its operations.

This report is intended solely for your information for inclusion in the prospectus for the proposed issue of 40,00,724 equity shares of Rs 10/-each at a premium of Rs 25/-per share aggregating to Rs 1400.25 lacs.

**For Anil K. Goyal & Associates**  
Chartered Accountants

**Anil K. Goyal**  
Proprietor

Membership No. 71221

Place: New Delhi

Date: 27<sup>th</sup> May, 2004



## Annexure I

(Rs. In Lacs)

## STATEMENT OF ASSETS &amp; LIABILITIES

| A. ASSETS                       | As on March 31 <sup>st</sup> |                |                |                |                |
|---------------------------------|------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2000                         | 2001           | 2002           | 2003           | 2004           |
| <b>Fixed Assets</b>             |                              |                |                |                |                |
| Gross Block                     | 373.00                       | 539.43         | 773.94         | 1103.62        | 1669.00        |
| Less: Depreciation              | 87.02                        | 117.49         | 170.67         | 257.29         | 368.28         |
| Net Block                       | 285.98                       | 421.94         | 603.27         | 846.33         | 1300.72        |
| Investments                     | —                            | —              | —              | —              | 8.48           |
| Cash & Bank Balances            | 89.47                        | 41.18          | 136.37         | 237.01         | 170.65         |
| Inventories                     | 343.67                       | 630.51         | 1037.82        | 1113.38        | 1459.41        |
| Sundry Debtors                  | 187.59                       | 319.00         | 1054.34        | 808.67         | 477.76         |
| Loans & Advances                | 67.74                        | 135.17         | 220.39         | 311.85         | 276.44         |
| Deferred Revenue Expenses       | 2.81                         | 1.87           | 0.94           | —              | 48.02          |
| <b>TOTAL A</b>                  | <b>977.26</b>                | <b>1549.67</b> | <b>3053.13</b> | <b>3317.24</b> | <b>3741.48</b> |
| <b>B. LIABILITIES</b>           |                              |                |                |                |                |
| Secured Loans *                 | 372.14                       | 712.30         | 1575.62        | 1593.37        | 1496.40        |
| Unsecured Loan from Director    | —                            | —              | 5.79           | —              | —              |
| Sundry Creditors                | 136.99                       | 227.78         | 619.18         | 508.37         | 665.05         |
| Advance from Customers          | 2.66                         | 3.19           | 1.68           | 5.05           | 12.86          |
| Other Liabilities               | 10.24                        | 21.26          | 27.25          | 60.69          | 96.98          |
| Deferred Tax Liability          | —                            | —              | —              | 46.59          | 50.14          |
| Provision for Tax               | 3.75                         | 12.00          | 28.00          | 35.00          | 16.24          |
| Provision for Dividend          | 9.60                         | 14.40          | —              | 14.40          | 17.49          |
| <b>TOTAL B</b>                  | <b>535.38</b>                | <b>990.93</b>  | <b>2257.52</b> | <b>2263.47</b> | <b>2355.16</b> |
| <b>NET ASSETS (C=A - B)</b>     | <b>441.88</b>                | <b>558.74</b>  | <b>795.61</b>  | <b>1053.77</b> | <b>1386.32</b> |
| <b>Represented by</b>           |                              |                |                |                |                |
| <b>D. Share Capital **</b>      | 9.60                         | 48.01          | 48.01          | 48.01          | 699.93         |
| <b>E. Reserve &amp; Surplus</b> | 432.28                       | 510.73         | 747.60         | 1005.76        | 686.39         |
| <b>Total (D + E)</b>            | <b>441.88</b>                | <b>558.74</b>  | <b>795.61</b>  | <b>1053.77</b> | <b>1386.32</b> |

\* Includes Credit Balance in Bank A/C

\*\* The Share capital includes bonus issue of Rs. 651.92 lacs during the year.

## Annexure II

(Rs in Lacs)

## STATEMENT OF PROFIT &amp; LOSS ACCOUNT

| Financial Year ended March 31 <sup>st</sup> | 2000           | 2001           | 2002           | 2003           | 2004           |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>INCOME</b>                               |                |                |                |                |                |
| <b>Sales</b>                                |                |                |                |                |                |
| Of products manufactured<br>by the Company  | 1169.40        | 1655.49        | 3388.41        | 5212.96        | 3959.36        |
| Of products traded by the company           |                | 21.48          | 32.46          | 42.88          | 1551.62        |
| Exports Incentives                          | 47.69          | 60.77          | 50.37          | 79.67          | 14.37          |
| Increase in Stock / (Decrease in Stock)     | 63.79          | 186.99         | (2.35)         | 119.98         | 86.55          |
| Other Income                                | 5.21           | 6.12           | 8.63           | 13.23          | 11.68          |
| <b>Total Income</b>                         | <b>1286.09</b> | <b>1930.85</b> | <b>3477.52</b> | <b>5468.72</b> | <b>5623.58</b> |
| <b>EXPENSES</b>                             |                |                |                |                |                |
| Materials Manufacturing & Others            | 853.35         | 1214.69        | 2180.97        | 3892.07        | 4185.83        |
| Personnel, Administration & Selling         | 244.93         | 475.51         | 811.89         | 901.91         | 736.13         |
| Interest & Bank Charges                     | 30.92          | 67.22          | 158.71         | 229.96         | 160.16         |
| Depreciation                                | 22.73          | 30.76          | 53.19          | 86.62          | 112.80         |
| <b>Total Expenses</b>                       | <b>1151.93</b> | <b>1788.18</b> | <b>3204.76</b> | <b>5110.56</b> | <b>5194.92</b> |
| Profit Before Tax                           | 134.16         | 142.67         | 272.78         | 358.16         | 428.66         |
| Less : Provision for Taxation               | 3.75           | 12.00          | 16.00          | 35.00          | 14.00          |
| <b>Profit After Tax</b>                     | <b>130.41</b>  | <b>130.67</b>  | <b>256.78</b>  | <b>323.16</b>  | <b>414.66</b>  |
| <b>Balance of Profit Brought Forward</b>    | <b>218.66</b>  | <b>319.48</b>  | <b>406.33</b>  | <b>593.21</b>  | <b>801.37</b>  |
| Deferred Tax Liability                      | --             | --             | --             | (46.59)        | ( 3.55)        |
| Prior Period Adjustment                     | 0.01           | 0.58           | (5.50)         | (4.01)         | (4.97)         |
| Tax Adjustment of Prior Year                | --             | --             | --             | --             | 5.37           |
| <b>TOTAL PROFIT</b>                         | <b>349.08</b>  | <b>450.73</b>  | <b>657.61</b>  | <b>865.77</b>  | <b>1212.88</b> |
| Profit Available for Appropriation          | 349.08         | 450.73         | 657.61         | 865.77         | 1212.88        |
| <b>APPROPRIATIONS</b>                       |                |                |                |                |                |
| Transfer to General Reserve                 | 20.00          | 30.00          | 50.00          | 50.00          | 710.89         |
| Dividends *                                 | 9.60           | 14.40          | 14.40          | 14.40          | 69.99          |
| % of Share Capital                          | 100%           | 30%            | 30%            | 30 %           | 10**%          |
| Balance Carried to Balance Sheet            | 319.48         | 406.33         | 593.21         | 801.37         | 432.00         |
| <b>TOTAL</b>                                | <b>349.08</b>  | <b>450.73</b>  | <b>657.61</b>  | <b>865.77</b>  | <b>1212.88</b> |

\* 30% Dividend from year 2001 is on increased capital after bonus issue in the ratio of 4:1

\*\* Includes final dividend @2.5% to be approved by the shareholders.

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## ANNEXURE III

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### I. SIGNIFICANT ACCOUNTING POLICIES

##### A Basis of preparation of Financial Statements

The financial statements have been prepared in accordance with the Accounting Standards specified by the Institute of Chartered Accountants of India.

##### B Accounting Convention, Inflation And Revenue Recognition

The financial statements have been prepared in accordance with historical cost convention. Both income and expenditure items are recognized on accrual basis except refunds due to/from Company on account of Sales Tax/ VAT or other Govt. Levies , incentives and leave encashment .Similarly cost of samples developed and supplied is recognized on accrual basis net of recoveries.

##### C. Fixed Assets

Fixed Assets are stated at actual cost of acquisition inclusive of taxes, duties, freight and other incidental expenses including interest related to acquisition, net of Grants.

##### D. Depreciation

Depreciation on fixed assets is provided on the WDV Method at the rates & in the manner as prescribed in Schedule XIV of the Companies Act, 1956.

##### E. Inventories

- Raw materials are valued at weighted average cost.
- Semi Finished goods are valued at cost.
- Finished Goods are valued at lower of cost and market value.

##### F. Foreign Exchange Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction. However closing balance in Exchange Earning Foreign Currency (EEFC) account in India is valued at prevailing exchange rate as on last day of the year.

##### G. Retirement Benefits

Gratuity is funded through LIC Group Gratuity Scheme & Leave Encashment payments are accounted for on actual liability basis.

##### H. Deferred Taxes

Deferred Tax assets and liabilities are stated at the Income Tax rate at the close of financial year. Deferred Tax assets are created only to the extent they are expected to material. Deferred Tax Liability as at 31<sup>st</sup> March, 2004 comprises the following:

|  | Current Year   | Previous Year  |
|--|----------------|----------------|
| a. Provision for Deferred Tax (Net)                      | Rs 50,14,154/- | Rs 46,58,829/- |
| b. Deferred Tax Assets disallowance under Income Tax Act | Rs. Nil        | Rs 1,62,919/-  |
| c. Provision for Deferred tax (Net)                      | Rs 50,14,154/- | Rs 46,58,829/- |

##### I. Borrowing Costs

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

##### J. Investments

Investments are valued at cost.

## II. NOTES ON ACCOUNTS

### 1. Contingent liabilities in the respect of:

Amount (in Lakh Rs.)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| A) Guarantees given by Bankers  | 22.50        | 26.61         |
| B) Corporate Guarantee for Sister Concern   | 215.00       | 165.00        |
| C) Claims not acknowledge as Debt   | Nil          | Nil           |
| D) Excise Duty, Sales Tax, Income Tax levied, not acknowledge as debt   | Nil          | Nil           |
| E) Capital Commitments  | 235.71       | 24.96         |
| F) I) Bond Given to Excise authorities for Unit at 199, Phase-I, Udyog Vihar, Gurgaon   | 112.52       | 112.52        |
| II) EOUnit at 172, Phase-I & 417, Phase-III, Udyog Vihar, Gurgaon.  | 450.00       | 299.69        |
| G) Letter of credit established by bank   | 185.88       | 150.61        |
| H) Claims made by certain workers terminated by the Company are referred in the industrial tribunals. Any liability which may arise out of awards from Tribunal |              |               |
| I) Sales Tax assessments are completed up to financial year 2001-02. Any Liability for assessment in subsequent years is contingent upon assessment.            |              |               |

2. In the opinion of the board of directors the current assets, loan and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provision for all known liabilities have been made.
3. The various Debit & Credit balances are subject to confirmation.
4. Amount due to suppliers covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993 has not been ascertained due to information not available with the Company, however the Company has not received any claim for interest from any supplier under the said Act.
5. The Company has set up a Wholly Owned Subsidiary (WOS) under the name and style of "**La Tatva S. r. l**" in Italy under the automatic route. It was incorporated on 09.03.2004 with the Chamber of Commerce, Italy. The authorized capital of the WOS is 10000 EURO, which is subscribed by the Company. Calendar year being the financial year, first accounting year of W.O.S. shall be ending on 31-12-04, hence no accounts u/s 212 of the Companies Act 1956 are appended this year alongwith these accounts. The Company has also incurred expenses amounting to Rs. 445,438/- in connection with the setting up of said W.O.S., which is recoverable after commencement of its operation.
6. a) The Company has two export oriented units situated at 172, Udyog Vihar Phase-I and 417, Udyog Vihar Phase-III, The Financial accounts prepared show consolidated results of the Company including EOU units.  
b) The Company is having its branch at Chennai for procurement and processing of raw materials from its nearby areas, accounts of-which has been incorporated in the accounts of the Company.
7. The Company has taken group gratuity scheme from LIC and premium is charged to Profit & Loss account upon demand from LIC.
8. Final dividend @ 2.5% is proposed by the Board Directors in addition to Interim Dividend paid during the year, is provided in the books of account pending approval at the General meeting.
9. a) During the year, the Company has started Shoe Division in EOU unit and incurred various expenses amounting to Rs.18,62,790/- towards sampling, design & development. This expenses shown as 'Deferred Revenue Expenditure', which the Company will write-off in five years starting from the year 2004-05.  
b) During the year, the Company, has incurred various exp. on account of increase in Authorized Capital and in relation to the proposed Public Issue of equity shares, amounting to Rs. 18,84,006.00 which will be amortized in 5 years starting from year 2004-05.

10. During the year, the Company was converted into a 'Public Limited' Company on 10th November, 2003, and the word 'Private' was deleted from the name of the Company.

#### 11. Auditors Remuneration

|                    | Current Year | Previous Year |
|--------------------|--------------|---------------|
| Audit Fee          | 120,000.00   | 120,000.00    |
| Income Tax Matters | 35,750.00    | 30,000.00     |
| Prospectus Audit   | 82,000.00    | 0.00          |
| Other Matters      | 27,000.00    | 20,000.00     |
| Service Tax        | 16,000.00    | 12,000.00     |
| Total              | 280,750.00   | 182,000.00    |

#### Other Financial Information

##### A) Statement of Performing Ratios

| Year ended March 31                                  | 2000   | 2001   | 2002   | 2003    | 2004    |
|--|--------|--------|--------|---------|---------|
| Adjusted Net Profit/Loss (A)                         | 130.42 | 131.25 | 251.28 | 272.56  | 411.51  |
| Shares Outstanding at the end of the period/year (B) | 96012  | 480060 | 480060 | 480060  | 6999276 |
| Net Worth ( C )                                      | 439.07 | 556.87 | 794.67 | 1053.77 | 1338.30 |
| Accounting Ratios:                                   |        |        |        |         |         |
| Earning per share (A/B) (EPS) in Rs. Per Share       | 135.84 | 27.34  | 52.34  | 56.78   | 5.88    |
| Net Assets Value Per Share (C/B) (NAV)               | 457.31 | 116.00 | 165.54 | 219.51  | 19.12   |
| Return on Net Worth (%) (A/C)                        | 29.70% | 23.57% | 31.62% | 25.87%  | 30.75%  |

##### B) Unsecured loans/Advances

i) **Unsecured Loans:** Nil

ii) **Advances:** The Company has received Rs 50 Lacs as advance from Promoters, Directors and Associates till March 31, 2004 towards the promoter contribution in the proposed IPO of the Company.

##### C) TAX SHELTER STATEMENT

(Rs. in lacs)

| Year Ended March 31st                                     | 2000     | 2001     | 2002     | 2003     | 2004     |
|---|----------|----------|----------|----------|----------|
| Tax at Notional Rate                                      | 51.65    | 56.43    | 97.38    | 131.62   | 153.78   |
| Adjustments:  |          |          |          |          |          |
| Export Profits  | (121.78) | (102.04) | (212.59) | (232.10) | (363.21) |
| Difference between Tax Depreciation and Book Depreciation | (7.41)   | (14.05)  | (23.47)  | (44.63)  | (31.93)  |
| Other Adjustments   | —        | 8.83     | (0.70)   | (2.48)   | —        |
| Net Adjustments   | (129.18) | (107.27) | (236.76) | (279.22) | (395.14) |
| Tax Saving thereon:                                       | (49.74)  | (42.42)  | (84.52)  | (102.61) | (141.76) |
| Total Taxation  | 1.92     | 14.00    | 12.86    | 29.01    | 12.03    |
| Taxation on extraordinary items                           | —        | —        | —        | —        | —        |
| Tax on profit before extraordinary items                  | 1.92     | 14.00    | 12.86    | 29.01    | 12.03    |

**D) CAPITALISATION STATEMENT****(Rs. In Lacs)**

| Particulars  | PRE ISSUE AS AT<br>31.03.2004 | POST ISSUE |
|--|-------------------------------|------------|
| Debt:  |                               |            |
| Short Term Debt  | 1137.60                       | 1137.60    |
| Long Term Debt (A)                                     | 269.19                        | 269.19     |
| <b>Total Debt</b>                                      | 1406.79                       | 1406.79    |
| <b>Shareholders' Funds:</b>                            |                               |            |
| Equity Share Capital                                   | 699.92                        | 1100.00    |
| Reserves and Surplus                                   | 686.39                        | ** 1686.57 |
| <b>Total Shareholders' Funds (B)</b>                   | 1386.32                       | 2786.57    |
| <b>Long Term Debt/Total Shareholders Funds : (A/B)</b> | 0.19                          | 0.10       |

\*\* Includes shares premium of Rs.1000.18 lacs from the proposed IPO.

**E) Principal Terms of Sanctioned Loans and Assets Charged as Security.****(Amt. Rs. In Lacs.)**

| Sr. No.   | Lender & Type of Facility                      | Amount sanctioned | Amt. Availed | Amt. out-standing as on 31.03.04 | Security   |
|-----------|--|-------------------|--------------|----------------------------------|--|
| <b>1.</b> | <b>The Karur Vysya Bank Limited,</b>           |                   |              |                                  | <u>All the facilities are secured by way of:-</u>  |
| i.        | Karol Bagh, New Delhi Preshipment credit loan. | 400               | 400          | 398.70                           | Hypothecation of stock of raw material, stock in process, finished leather goods and accessories and meant for export.   |
| ii.       | Foreign Bill Negotiated                        | 300               | 300          | 140.03                           | All exports documents covering export of leather goods.  |
| iii.      | Letter of credit                               | 200               | 200          | 174.25                           | Hypothecation of goods under usance L/C  |
| iv.       | Bank Guarantee                                 | 50                | 38           | 22.50                            | 25% cash margin  |
| v.        | Term loan for building                         | 65                | 65           | 28.23                            | Exclusive charge by way of equitable mortgage factory, land & building at 172, UV. Ph-I, Gurgaon. This property is mortgaged for credit facilities of sister concern. (Refer Note No. 2 of Notes to Accounts.) |
| vi.       | Term loan for machinery                        | 173               | 164          | 50.97                            | Hypothecation charge on sanctioned machinery.  |

Note: In addition to the above pari-passu charge on :

1. Factory land and building at 199, Udyog Vihar, Phase-I, Gurgaon.
2. Hypothecation charge on all existing machinery (not specifically financed)
3. Promoter Directors and some shareholders have guaranteed the above facilities in their personal capacity.

| Sr. No.   | Lender & Type of Facility   | Amount sanctioned | Amt. Availed | Amt. outstanding as on 31.03.04 | Security  |
|-----------|---|-------------------|--------------|---------------------------------|---|
| <b>2.</b> | <b>Citi Bank N.A.,</b><br>Jeevan Bharti Building<br>Connaught Place Delhi |                   |              |                                 | All the facilities are secured by way of:-  |
| i.        | Fund based Pre/post shipment finance under LCs & P.O.s, usanceimport LCs  | 780.00            | 700.00       | 570.37                          | First pari-passu charge by way of hypothecation of stock of raw material, stock in process & finished leather products etc.   |
| ii.       | Non-fund based Sight Import L/Cs & Bank guarantee                         | 100.00            | 100.00       | 66.67                           | First pari-passu charge on plant & machinery and other fixed assets not specifically financed (WDV as on 31.3.2003 Rs.250.37 lacs)  |
| iii       | Term loan for machinery   | 100.00            | 100.00       | 0.00                            | First pari-passu charge on land & building at 199, Udyog Vihar Phase-I, Gurgaon. Joint & personal guarantee of Promoter- Directors and some shareholders  |
| iv        | Term loan for machinery & equipment                                       | 120.00            | 0.00         | 0.00                            | Hypothecation of Machinery proposed to be purchased.  |
| <b>3.</b> | <b>HSIDC Limited</b><br>C 13-14 Sector 6,<br>Panchkula, Haryana           | 500.00            | 123.33       | 123.33                          | Exclusive charge by way of equitable mortgage factory land & building at plot no. 37, Sector 4, Manesar, Gurgaon and first charge on its proposed and future assets located at Manesar. Personal guarantee of Promoter-Directors and some shareholders. |

#### F) RELATED PARTY DISCLOSURE

As per Accounting Standard 18, issued by Institute of Chartered Accountants of India, the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

##### (I) List of Related Parties as on 31.03.2004

| Sr. No. | Name of the Related Party              | Relationship             |
|---------|--|--------------------------|
| 1       | Ideas India                            | Associated Enterprise    |
| 2       | Jodhpur Supply company                 | Associated Enterprise    |
| 3       | Crew Concepts and Technology Pvt. Ltd. | Associated Enterprise    |
| 4       | Crew Trade Post Pvt. Ltd.              | Associated Enterprise    |
| 5       | Joywin Systems Pvt. Ltd.               | Associated Enterprise    |
| 6       | La Tatva S.r.l., Italy                 | Wholly owned subsidiary  |
| 7       | Mr. Tarun Oberoi                       | Key Managerial Personnel |
| 8       | Mr. Robin Bartholomew                  | Key Managerial Personnel |
| 9       | Mr. Puneet Nikore                      | Key Managerial Personnel |

**(II) Transactions during the year with related parties for the year 2001-02**

Rupees in Lacs

| Sr. No. | Nature of Transaction       | Associated Enterprises |                    |                                    | Key Management Personnel |                   |
|---------|-----------------------------|------------------------|--------------------|------------------------------------|--------------------------|-------------------|
|         |                             | Ideas India            | Jodhpur Supply Co. | Crew Concepts & Technology P. Ltd. | Tarun Oberoi             | Robin Bartholomew |
| (A)     | Sample Development Expenses | 10.21                  | 2.49               |                                    |                          |                   |
| (B)     | Sample Development Income   | 3.18                   |                    |                                    |                          |                   |
| (C)     | Consultancy charges         |                        |                    | 2.70                               |                          |                   |
| (D)     | Directors remuneration      |                        |                    |                                    | 11.70                    | 7.20              |
| (E)     | Guarantees Issued           | 140.00                 |                    |                                    |                          |                   |
| (F)     | Outstanding – Receivable    |                        |                    | 0.22                               |                          |                   |

**(III) Transactions during the year with related parties 2002-03**

Rupees in Lacs

| Sr. No. | Nature of Transaction       | Associated Enterprises |                    |                                    | Key Management Personnel |                   |
|---------|-----------------------------|------------------------|--------------------|------------------------------------|--------------------------|-------------------|
|         |                             | Ideas India            | Jodhpur Supply Co. | Crew Concepts & Technology P. Ltd. | Tarun Oberoi             | Robin Bartholomew |
| (A)     | Purchases                   |                        | 8.62               |                                    |                          |                   |
| (B)     | Sample Development Expenses | 1.56                   |                    |                                    |                          |                   |
| (C)     | Sample Development Income   | 7.35                   |                    |                                    |                          |                   |
| (D)     | Software Development        |                        |                    | 6.49                               |                          |                   |
| (E)     | Directors remuneration      |                        |                    |                                    | 7.49                     | 7.20              |
| (F)     | Guarantees Issued           | 165.00                 |                    |                                    |                          |                   |
| (G)     | Outstanding – Receivable    |                        |                    | 1.23                               |                          |                   |



**(IV) Transactions during the year with related parties 2003-04****Rupees in lacs**

| Sr. No. | Nature of Transaction       | Wholly Owned Subsidiary | Associated Enterprises |                        |                                    | Key Management Personnel |                   |               |
|---------|-----------------------------|-------------------------|------------------------|------------------------|------------------------------------|--------------------------|-------------------|---------------|
|         |                             | La Tatva S.r.l., Italy  | Ideas India            | Joywin Systems P. Ltd. | Crew Concepts & Technology P. Ltd. | Tarun Oberoi             | Robin Bartholomew | Puneet Nikore |
| (A)     | Sample Development Expenses | -                       | 1.29                   |                        |                                    |                          |                   |               |
| (B)     | Consultancy charges         | -                       | -                      | -                      | 3.97                               | -                        | -                 | -             |
| (C)     | Directors remuneration      | -                       | -                      | -                      | -                                  | 11.64                    | 8.28              | 1.50          |
| (D)     | Guarantees Issued           | -                       | 215.00                 | -                      | -                                  | -                        | -                 | -             |
| (E)     | Professional Charges        | -                       | -                      | 5.10                   | -                                  | -                        | -                 | -             |
| (F)     | Fabrication                 | -                       | 15.39                  | -                      | -                                  | -                        | -                 | -             |
| (G)     | Capital Contribution        | 5.69                    | -                      | -                      | -                                  | -                        | -                 | -             |
| (H)     | Loan & Advances             | 4.45                    | -                      | -                      | -                                  | -                        | -                 | -             |

**Segment Reporting as per AS 17:****Rupees in lacs**

| Particulars                 | Bags & Wallet |           | Belts     |           | Un-allocable |           | Total     |           |
|-----------------------------|---------------|-----------|-----------|-----------|--------------|-----------|-----------|-----------|
|                             | 2003-2004     | 2002-2003 | 2003-2004 | 2002-2003 | 2003-2004    | 2002-2003 | 2003-2004 | 2002-2003 |
| Segment Revenue             | 2060.48       | 3153.26   | 1249.10   | 1333.82   | 2215.78      | 848.43    | 5525.36   | 5335.51   |
| Intra segment Revenue       |               |           |           |           |              |           |           |           |
| <b>Total Revenue</b>        | 2060.48       | 3153.26   | 1249.10   | 1333.82   | 2215.78      | 848.43    | 5525.36   | 5335.51   |
| Eliminations                |               |           |           |           |              |           |           |           |
| <b>Net Revenue</b>          | 2060.48       | 3153.26   | 1249.10   | 1333.82   | 2215.78      | 848.43    | 5525.36   | 5335.51   |
| Profit before Tax and Intt. | 321.35        | 346.86    | 189.22    | 166.73    | 78.25        | 74.53     | 588.82    | 588.12    |
| Interest Expense            | 90.94         | 87.18     | 56.52     | 36.88     | 12.7         | 105.9     | 160.16    | 229.96    |
| Profit Before Tax           | 230.41        | 259.68    | 132.7     | 129.85    | 65.55        | -31.37    | 428.66    | 358.16    |
| Segment Assets              | 329.44        | 1003.64   | 1261.42   | 722.2     | 2094.14      | 1591.4    | 3685.00   | 3317.24   |
| Segment Liabilities         | 187.47        | 66.24     | 227.90    | 241.77    | 1935.57      | 1955.46   | 2350.94   | 2263.47   |
| Capital Expenditure         | 18.39         | N.A.      | 51.99     | N.A.      | 497.65       | N.A.      | 568.03    | 405.18    |
| Dep.on Fixed Assets         | 41.97         | N.A.      | 55.81     | N.A.      | 15.02        | N.A.      | 112.8     | 86.62     |
| Assets                      | 20.97         | N.A.      | 370.66    | N.A.      | 909.09       | N.A.      | 1300.72   | 846.32    |

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## **C. STATUTORY AND OTHER INFORMATION:**

### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the issued amount, on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

### **Expenses of the Issue**

The expenses of the Issue payable by the Company inclusive of fees payable to the Lead Manager, Fees of Legal Advisors, Stamp Duty, Printing, Publication, Advertising and Distribution expenses, Bank charges, Fees payable to the Registrars to the Issue, Listing Fees, Brokerage and other Miscellaneous Expenses which are estimated to be approximately 5 % of the Issue size, and will be met out of the proceeds of the Issue.

### **Fees Payable to the Lead Manager to the Issue**

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Corporate Office of the Company.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the Corporate Office of the Company.

### **Brokerage**

Brokerage will be paid by the Company at the rate of 1.5 % on the issue price of Equity Shares offered to the Public on the basis of allotment made against applications bearing the stamp of the members of any recognised Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

### **Previous Issue of Capital during last five years:**

The company has not made any public issue of equity/ debentures what so ever prior to this issue. The details of issue of capital has been outlined in the paragraph on the build up of the share capital under the capital structure.

### **Issues otherwise than for Cash**

The company has issued 6975273 equity shares by way of Bonus by capitalization of free reserves. Except for the above no further shares are issued for consideration other than cash.

### **Outstanding Redeemable Preference shares and Debentures**

The Company since its incorporation has not issued any redeemable preference shares and Debentures

### **Options to Subscribe**

Except as otherwise stated in this Offer Document, 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 shares of the Company.

### **Purchase of Property:**

Except as stated in "Objects of the Issue in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the 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, if any, 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, if any, is not material.

Except as elsewhere stated in this Prospectus, the Company has not purchased any property in which any of its promoters and/ or Directors, have any direct or indirect interest in any payment made thereof.

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### Classes of Shares

The authorized share capital of the Company is Rs 1200,00,000 (Rupees Twelve hundred Lacs only) divided into 115,00,000 (One hundred and fifteen Lacs) Equity shares of Rs.10 each (Rupees 10 each) and 5,00,000 (Five Lacs) preference shares of Rs.10 each (Rupees ten each) entitled to dividend at such rate as the Board may determine at the time of the issue.

### Interest of Promoters and Directors

All the Directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Directors may also be deemed to be interested to the extent of

- a) The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/Member respectively.
- b) The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors/Members of to firms in which they are partners.
- c) Transactions with entities in which directors are interested have been disclosed as Related party transactions in the Auditors Report.

Except as stated above and elsewhere in this Document, the Company has not entered into any contracts, agreements or arrangement in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangement or are proposed to be made.

### REMUNERATION OF MANAGING DIRECTOR AND WHOLE TIME DIRECTORS

#### Mr. Tarun Oberoi - Managing Director

#### Terms and conditions of appointment:

Mr. Tarun Oberoi has been appointed as the Managing Director for a period of five years with effect from 30.09.2003. The remuneration in accordance with the following terms and conditions will be applicable w.e.f. January 01, 2004.

|                            |   |
|----------------------------|---|
| 1. Salary                  | Rs. 101250 Per Month with an annual increment of 10%.   |
| 2. House rent allowance    | Rs.50,000 per month/leased accommodation of equivalent value per month.   |
| 3. Conveyance allowance    | Rs 800 per month.   |
| 4. Medical Reimbursement   | Rs 15000 p.a.   |
| 5. Special allowance       | Rs 71700 per month.   |
| 6. Earned Leave            | Entitled to earned leave, which may be allowed to be encashed as per the rules of the Company.  |
| 7. Leave Travel Concession | Actual Expenses for self and family, once a year maximum upto one month salary in accordance with the rules of the Company.   |
| 8. Club Fees               | Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.   |
| 9. Provident fund          | As per rules of the Company.  |
| 10. Gratuity               | As per rules of the Company.  |
| 11. Other perquisites      | <ul style="list-style-type: none"><li>● Free Telephone Facility at residence at Company's cost subject to the condition that long distance personal calls shall be billed by the Company.</li><li>● Free of Cost Company's chauffer driven car, including maintenance and operations thereof subject to the condition that the use of car for private purpose shall be billed by the Company.</li><li>● That Managing Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses, long distance calls' expenses incurred in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company.</li></ul> |
| 12. Minimum remuneration   | In case of absence or inadequacy of profits in any year, the remuneration shall be revised in accordance with the provisions of Schedule XIII of the Companies Act, 1956.   |

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**Mr. Robin Bartholomew - Whole Time Director****Terms and conditions of appointment:**

Mr. Robin Bartholomew has been appointed as the Whole Time Director for a period of five years with effect from 30.09.2003. The remuneration in accordance with the following terms and conditions will be applicable w.e.f. January 01, 2004.

|                            |  |
|----------------------------|--|
| 1. Salary                  | Rs 50000 Per Month with an annual increment of 10%.  |
| 2. House rent allowance    | Rs.25000 per month/leased accommodation of equivalent value per month.   |
| 3. Conveyance allowance    | Rs 800 per month.  |
| 4. Medical Reimbursement   | He will be entitled to a medical reimbursement of Rs 15000 p.a.  |
| 5. Special allowance       | Rs 47950 per month.  |
| 6. Earned Leave            | Entitled to earned leave, which may be allowed to be encashed as per the rules of the Company.   |
| 7. Leave Travel Concession | Actual Expenses for self and family, once a year maximum up to one month salary in accordance with the rules of the Company.   |
| 8. Club Fees               | Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.  |
| 9. Provident fund          | As per rules of the Company.   |
| 10. Gratuity               | As per rules of the Company.   |
| 11. Other perquisites      | <ul style="list-style-type: none"><li>● Free Telephone Facility at residence at Company's cost subject to the condition that long distance personal calls shall be billed by the Company.</li><li>● Free of Cost Company's chauffer driven car, including maintenance and operations thereof subject to the condition that the use of car for private purpose shall be billed by the Company.</li><li>● The Whole time Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses, long distance calls' expenses incurred in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company.</li></ul> |
| 12. Minimum remuneration   | In case of absence or inadequacy of profits in any year, the remuneration shall be revised in accordance with the provisions of Schedule XIII of the Companies Act, 1956.  |

**Mr. Puneet Nikore- Whole Time Director****Terms and conditions of appointment:**

Mr. Puneet Nikore has been appointed as the Whole Time Director for a period of five years with effect from 30.09.2003. The remuneration in accordance with the following terms and conditions will be applicable w.e.f. January 01, 2004.

|                            |  |
|----------------------------|--|
| 1. Salary                  | Rs 30000 Per Month with an annual increment of 10%.  |
| 2. House rent allowance    | Rs.18000 per month/leased accommodation of equivalent value per month.   |
| 3. Conveyance allowance    | Rs 800 per month.  |
| 4. Medical Reimbursement   | Rs 14000 p.a.  |
| 5. Earned Leave            | As per the rules of the Company.   |
| 6. Leave Travel Concession | Actual Expenses for self and family, once a year maximum up to one month salary in accordance with the rules of the Company. |

|                          |   |
|--------------------------|---|
| 7. Club Fees             | Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.   |
| 8. Provident fund        | As per rules of the Company.  |
| 9. Gratuity              | As per rules of the Company.  |
| 10. Other perquisites    | <ul style="list-style-type: none"> <li>● Free telephone facility at residence at Company's cost subject to the condition that long distance personal calls shall be billed by the Company.</li> <li>● Free of cost Company's chauffer driven car, including maintenance and operations thereof subject to the condition that the use of car for private purpose shall be billed by the Company.</li> <li>● Reimbursement of actual entertainment, traveling, boarding and lodging expenses, long distance calls' expenses incurred in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company.</li> </ul> |
| 11. Minimum remuneration | In case of absence or inadequacy of profits in any year, the remuneration shall be revised in accordance with the provisions of Schedule XIII of the Companies Act, 1956.   |

#### **Payment of Benefit to Promoters and Officers of the Company**

Save as stated elsewhere in this prospectus, no amount or benefit has been paid or given to the Company's promoters or officers since the incorporation of the Company nor is intended to be paid or given to any promoter or any officer of the Company except their normal remuneration and/or reimbursement for services as Directors, Officers or Employees of the Company or otherwise in accordance with Law.

#### **Export Obligation**

The company has fulfilled its export obligations.

#### **Revaluation of Assets:**

The company has not revalued any of its assets since its incorporation

### **D. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:**

#### **Transfer and Transmission**

##### **Article**

- 8 (a) Save as provided in section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by and behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of such share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.
- 8 (b) Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of a partly paid share, be effected unless by section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of the receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same of conditions as if the application for registration was made by the transferee. 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 within respect of all transfers of shares and the registration thereof.
- 8 (c) Subject to the provisions of section 111 A, the Board or its Committee may refuse to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in, or debentures of, the Company within two months from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be delivered to the Company and such refusal shall be conveyed by sending notice to the transferor and transferee or to the person giving intimation of the transmission, as the case may be, giving reasons for such refusal. The registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any ground whatsoever except a lien.

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- 8 (d) No transfer shall be made to a minor or a person of unsound mind.
- 8 (e) Every transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such share is in existence, by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer, which the Board may refuse to register shall be returned to the person depositing the same.
- 8 (f) If the Board refuses whether in pursuance of Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall, within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission as the case may be, notice of the refusal.
- 8 (g) No fee shall be charged for the registration of each transfer, grant or probate, grant of letters of administration, certificate of death or marriage, power of attorney or other instrument.
- 8 (h) The executor or administration of a deceased member (not being one to several joint holders) shall be 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 share, the survivor shall be the only person recognized 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 the deceased joint holder from any liability on the share held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a Grant of probate or letters of administration or other legal representation, as the case may be, from a competent court in India provided nevertheless that in any case where the board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of probate or letters of administration or such other legal representation upon such terms as to indemnify or otherwise as the Board, in its absolute discretion, may consider adequate.
- 8 (i) Any committee or guardian of a lunatic or minor member or any other person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence 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 Board thinks sufficient, may, with consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of such share. This Article is referred to herein after as the transmission article.
- 8 (j) If the person so becoming entitled under the transmission Article shall elect to be registered as holder of the share oneself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share
- 8 (k) All the limitations, restrictions and provisions of these Articles relating to the transfer and the registration of instruments of transfer of share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice or transfer were a transfer duly signed by the member.
- 8 (l) A person so becoming entitled under the transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the same is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

#### **Certificates**

- 9 Subject to the provision of the Companies (Issue of share Certificate) Rules, 1960, or any statutory modification or re-enactment thereof, share scrips shall be issued as follows
- 9 (a) The certificate of the title to share and duplicate thereof when necessary shall be issued under that Seal of the Company which shall be fixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under duly registered power-of- attorney or two persons acting as attorneys for two Directors as aforesaid, and (ii) the Secretary or some other person

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appointed by the board for purpose, all of whom shall sign such share certificate; provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing Director or whole time Director.

- 9 (b) Every member of debentures- holder shall be entitled free of charge to one certificate for all the shares or debentures of each class registered in his name or, if the Board or its Committee so approves, to several certificates each for one or more of such shares or debentures. Unless the conditions of issue of any shares or debentures otherwise provide, or unless prohibited by any provision of law or any Court, Tribunal or Authority, the Company shall, within 3 months after the allotment of any of its shares, debentures, or debenture stock, and on surrender to the Company of its letter making the allotment, or of its fractional coupons of requisite value or within one month of receipt of the application of the transfer of any of its shares or debentures stock, as the case may be, deliver in accordance with the certificate of debenture stock allotted or transferred in respect of any shares or debentures held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders. The share certificate are issued in either more or less marketable lots sub-division or consolidate of share certificates into marketable lots shall be done free of charge.
- 9 (c) If any certificate of any share be surrendered to the Company for sub-division 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 utilized, then, upon surrender thereof to the Company the Board may order the same to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed, then upon the proof thereof to the satisfaction of the Board, and on such identity as the Board thinks fit being given, a new certificate in lieu thereof shall be given it shall be given to the party entitled to the share to which such lost or destroyed certificate shall relate. 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 in the lieu of a share certificate or a duplicate issued for the one replaced and, in the case of the certificate issued in place of one which has been lost or destroyed, the word "duplicate shall be stamped or punched in bold letters across the face thereof.
- 9 (d) The Company shall not charge any fee –
- (i) for registration of transfer of share and debenture;
  - (ii) for sub-division and consolidation of shares and debentures certificates and for sub-division of Letters of Allotment and split, Consolidation, Renewal and Pucca Transfer, receipts into denominations corresponding to the market units of trading;
  - (iii) for sub-division of renounceable Letters of Right ;
  - (iv) for issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfer have been fully utilized.
  - (v) For registration of any Power of Attorney, Probate, Letter of Administration of similar other documents.
- 9 (e) The Company shall not charge fee exceeding those, which may be agreed upon with the Stock Exchanges with which the shares and debentures of the company may be enlisted –
- (i) for issue of new certificates in replaced of those that are torn defaced lost or destroyed;
  - (ii) for sub-division and consolidation of share and debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for market units of trading.
- 9 (f) Where a new share certificate has been issued particulars of every such certificate shall also be entered in a Register of Renewed and Duplicate Certificate indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued and necessary changes indicated in the Register by suitable cross-reference in the "Remarks Column. All entries made in the Register or in the Register of Renewed and Duplicate Certificates shall be authenticated by the Secretary or such other person as may be appointed by the Board for purpose of sealing and signing the share certificate.

#### **Calls**

- 10 (a) The Board may, from time to time, subject to the terms on which any shares may have issued, and subject to the provision of Section 91 of Act, make such calls as the Board thinks fit upon the member in respect of all money unpaid on the shares held by them respectively, and not by the

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condition of allotment thereof made payable at fixed times, and each member shall pay the amount of every call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.

- 10 (b) The Board may, if it thinks fit, receive from any member willing to advance the same, all or any of the money due upon the share by him beyond the sum actually called for, and upon the money so paid or satisfied in advance, or so much thereof as for time to time exceeds the amount of the calls then made upon the share in respect of which such has been made, the Company may pay interest as such rate not to exceeding, unless the Company meeting shall otherwise direct, 6 percent per annum as the Member paying such sum in advance and the Board agree(s) upon. Money so paid in excess of the amount of calls 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 to such member not less than three months' notice in writing.
- 10 (c) A call may be revoked or postponed at the discretion of the Board.

#### **Forfeiture and Lien**

- 11 (a) If any member fails to pay any calls or installment of a call on or before the day appointed for the payment of the same the Board may, at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued by the company by reason of such non-payment.
- 11 (b) The notice shall name a day (not being less than thirty days from the date of the notice) and a place 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 appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
- 11 (c) If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
- 11 (d) When any share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register. But no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
- 11 (e) Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
- The Board may, at any time before time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the -forfeiture thereof upon such condition as it thinks fit.
- 11 (f) A person whose share has been forfeited shall cease to be a member in respect of the share, but, shall notwithstanding, remain liable to pay, and shall forthwith pay to the company, all calls, or installments, interest and expenses, owing upon or in respect of such share, at the time of forfeiture, together with interest thereon, from the time of forfeiture, until payment, at 18 percent per annum and the board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
- 11 (g) A duly verified declaration in writing that the declarant is a director, manager or secretary of the company and that certain shares in the company have been duly forfeited on a date in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see the application of the purchase money, nor references to such forfeiture sale or disposition.
- 11 (h) The provision of articles 11(a) to 11(h) hereof shall apply in the case of non- payment of any sum which, by the terms of issue of the share, becomes payable at a fixed time, whether on account of



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the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

- 11 (i) The company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member, and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the company's lien if any, on such share.
- 11 (j) For the purpose of enforcing such lien the board may sell share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator basis or other legal representatives as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.
- 11 (k) The net proceeds of the sale shall be received by the company and applied in on or towards payment of such part of the amounting in respect of which the lien exist as is presently payable, and the residue, if any shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.
- 11 (l) Upon any sales after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the register in respect of the share application of the purchase money and after his name has been entered in the register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.
- 11 (m) where any share under the powers in that behalf herein contained is sold by the board and the certificate in respect thereof has not been delivered up to the company by the former holder of such share, the board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

#### **Article 12**

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

#### **Article 13**

- (1) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (2) If at any time there are not within India Directors capable of acting who are sufficient in number to form quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **Article 22**

Each Director shall be entitled to receive a sitting fee within the limit prescribed under Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 for attending every meeting of the Board of Directors or any committee thereof.

#### **Article 24**

The Board shall have the power to fill up the casual vacancies in the Board and to appoint Directors whether additional or alternate

#### **Article 28**

If quorum is not present, it shall stand adjourned to the same day in the next week at the same time and place.

#### **Borrowing powers**

- 33 (a) The board may from time to time, as its discretion, subject to the provisions of sections 292, 293 and 372 A of the Act, raise or borrow from the directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the company, provided that the board shall not, without the consent of the company in general meeting, borrow any sum of money which together with moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate for the time being

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of the paid-up capital of the company and its free reserves; that is to say, reserves not set aside for any specific purpose.

- 33 (b) The board may raise 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 by the issue of bonds, perpetual or redeemable, debentures or stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the company, (both present and future), including its uncalled capital for the time being.
- 33 (c) 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 of shares, appointment of director 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.

Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the company in general meeting.

#### **Unclaimed dividend**

##### **(i) Article 41**

The unclaimed dividends if any, shall not be forfeited unless barred by law and such forfeiture, if effected shall be annulled in appropriate cases

#### **Increase of Capital**

##### **(ii) Article 50.**

The Company in general meeting may, from time to time increase its authorized share Capital by such amount, as it may deem expedient in accordance with the provisions of the Act.

#### **Reduction of Capital**

##### **(iii) Article 51.**

The Company may from time to time, by special resolution reduce its share capital in accordance with the provisions of the Act.

#### **Dematerialization of securities**

##### **(iv) Article 52**

For the purpose of this Article:

- 1 Beneficial Owner means a persons or persons whose name is recorded as such with a depository.  
Depository means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India, 1992
- 2 Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize/ rematerialize the securities and to offer the securities in the dematerialized form pursuant to depositories Act, 1996 and the rules framed there under.
- 3 All securities held by a depository shall be dematerialized and be in a fungible form. Nothing contained in sections 153, 153A, 153 B, 187B and 187 C of the Act shall apply to a depository in respect of securities held by it on behalf of the beneficial owners.
- 4 Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.

Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.

Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of securities, which are held by a depository.

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- 5 Notwithstanding anything to the contrary contained an the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs
  - 6 Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as beneficial owners in the records of the depository.
  - 7 Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of securities.
  - 8 Notwithstanding anything contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to the securities held with a depository.

The Register and index of beneficial owners maintained by a depository under the Depositories Act, 1956, shall be deemed to be the Register and index of members and security holders for the purpose of these Articles.

### **Alteration of Capital**

#### **(v) Article 53**

The Company in general meeting may from time to time:

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by memorandum so, however, that in the sub-division the proportion between the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduce share is derived;
- (c) Cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares of any denomination.

### **Buy Back of Shares**

#### **(vi) Article 54**

Notwithstanding anything contained in the Articles of Association, the Company shall have the powers to buyback its shares or other securities in accordance with the provisions of section 77A, 77AA and 77B of the Companies Act, 1956 from its existing shareholders or the holders of other securities on a proportionate basis or by purchase of the shares or securities issued to the employees of the Company pursuant to a scheme of stock options or sweat equity.

### **Nomination by security holders**

#### **(vii) Article 55**

Notwithstanding anything in the Articles elsewhere every, holder of shares in, or holder of the debentures of the Company may, at any time, nominate, in the manner prescribed by section 109A & 109B of the Companies Act, 1956 as amended, a person to whom his shares in, or debentures of the Company shall vest in the event of his death

### **Issue of Preference Shares**

#### **(viii) Article56**

Subject to section 80 of the Companies Act, 1956 the Company may issue preference shares entitled to such rate of dividend as the Board may determine at the time of issue, which are or at the option of the Company are liable to be redeemed on such terms and conditions and in such manner, as the Board may determine.

### **Payment of Commission**

#### **(ix) Article57**

Company may pay commission to any person in consideration of:

- (a) Subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of, the Company or

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- (b) His procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in, or debentures of the Company

**Issue of shares with differential voting rights**

**x Article 58**

The Company shall have the power to issue shares with differential voting rights

**General**

**(xi) Article 59**

- (a) The Company shall use a common form for share transfer,
- (b) The fully paid shares shall be free from all lien and that in case of partly paid shares the issuer's lien shall be restricted to moneys called payable at a fixed time in respect of such shares;
- (c) The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the issuer on account whatsoever;
- (d) That any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits;
- (e) That option or right to call of shares shall not be given to any person except with the sanction of the general meetings

**E. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION:**

The following contracts and agreements referred to in Para "A" below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this prospectus) which are / or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to in Para "B" below all of which have been attached to the copy of this prospectus and which have been delivered to the Registrar of Companies, for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this prospectus until the date of closing of subscription list.

**MATERIAL CONTRACTS**

1. Memorandum of Understanding dated December 19, 2003 between the Company and the Lead Manager of the issue UTI Securities Limited.
2. Memorandum of Understanding dated January 27, 2004 between the Company and the Registrar of the issue M/s. Skyline Financial Services Private Limited.
3. Copy of tri-partite agreement entered among NSDL, the Company and the Registrar of the issue dated 03<sup>rd</sup> June 2004.
4. Copy of tri-partite agreement entered among CDSL, the Company and the Registrar of the issue dated 03<sup>rd</sup> June 2004.
5. Copy of quotations for plant & machinery

**MATERIAL DOCUMENTS**

1. Memorandum of Association and Articles of Association of the Company
2. Certificate of Incorporation dated 30.12.1988.
3. Fresh Certificate of incorporation dated 26 .02 1992 consequent to change of name from Motherson Unimetex (P) Ltd to Crew B. O. S. Products (P) Limited
4. Fresh certificate of incorporation dated 10.11.2003 consequent upon conversion into a public Ltd company.
5. Copy of special resolution passed at EGM dated 09.12.03 u/s 81 (1A) authorizing the Issue of Equity Shares.
6. Copy of listing application made to BSE & NSE.

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7. In-principal approvals from BSE & NSE dated 16-03-2004 and dated 03-05-2004 respectively.
  8. Copies of Auditors Reports issued by Statutory Auditors of the Company M/s. Anil K. Goyal & Associates, Chartered Accountants, dated 27<sup>th</sup> May 2004.
  9. Copy of Tax Benefits Certificate issued by M/s. Anil K. Goyal & Associates, Chartered Accountants, dated January 9, 2004.
  10. Certificate from the Chartered Accountant dated 19<sup>th</sup> July 2004 regarding the sources and deployment of funds.
  11. Consent letters from Directors, Lead Managers, 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
  12. Copy of Resolution dated 30.09.2003 for appointment of Managing Director and other Directors.
  13. Power of Attorney(s) executed by the directors for signing and making correction in the prospectus on their behalf
  14. Copies of Annual Reports for the last 5 accounting periods i.e. FY 2000, FY 2001, FY 2002, FY 2003 and FY 2004.
  15. Copy of sanction letter from Citibank for credit facilities and term loan.
  16. Copy of sanction letter from Karur Vysya Bank for credit facilities and term loan
  17. Copy of sanction letter from HSIDC.
  18. Copy of Appraisal Report of UTI Securities Limited.
  19. A copy of the SEBI observation letter No.5/1404/04-NRO dated 20<sup>th</sup> May 2004.

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## **PART - III**

### **DECLARATION**

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

We, the directors of Crew B.O.S. Products Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares issued in terms of the Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation.

### **Signed by the Directors:**

1. Mr. Tarun Oberoi
2. Mr. Robin Bartholomew
3. Mr. Puneet Nikore
4. Mr. Sameer Lakshman Katre
5. Mr. Naveen Anand
6. Mr. Deepak Manchanda

Place : New Delhi

Dated : 28/07/2004.