



Provogue (India) Limited

(Formerly Acme Clothing Private Limited)

(Incorporated on November 17, 1997 under the Companies Act, 1956. Converted into Acme Clothing Limited on March 11, 2005 and Received fresh Certificate of Incorporation consequent to change of name to Provogue (India) Limited on March 14, 2005)

Registered Office: 105/106, Dream Square, 1st Floor, Off New Link Road, Andheri (W), Mumbai – 400 053

(Previous Registered Office: On incorporation 63-A, Bombay Talkies Compound, Malad (W), Mumbai - 400 061

In 1999 shifted to 138-141, Govt. Industrial Estate, Charkop, Kandivali (W), Mumbai- 400 067)

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Compliance Officer: Mr. Aniket Hirpara

PUBLIC ISSUE OF 40,49,402 EQUITY SHARES OF RS. 10/- EACH ISSUED FOR CASH AT A PRICE OF RS. [●] PER SHARE AGGREGATING RS. [●] LACS (HEREINAFTER REFERRED TO AS "THE ISSUE"). THE ISSUE WOULD CONSTITUTE 25% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY

Price Band: Rs. [●] to Rs. [●] per Equity Share of Rs. 10/- each.

The Issue is being made through the 100% book building process where 50% of the Issue shall be issued on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Provogue (India) Limited (the Company/ Issuer/PIL), there has been no formal market for the Equity Shares of the Company. **The face value of the Equity Shares is Rs. 10/-** and the issue price is [●] times of the face value. The floor price is [●] times and cap price is [●] times of the face value. The Issue Price/Price band (has been determined and justified by the Book Running Lead Manager, and Provogue (India) Limited as stated under the justification of premium paragraph) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk 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 the SEBI guarantee the accuracy or adequacy of this document.

Specific attention of the investors is invited to the statement of Risk Factors on Page No. [●] to [●] of the Draft Red Herring Prospectus.


ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares are proposed to be listed on The National Stock Exchange of India Ltd. (NSE), being the Designated Stock Exchange and The Stock Exchange, Mumbai (BSE). The in-principle approvals of the Stock Exchanges for listing Equity Shares have been received pursuant to letters dated [●] and [●] respectively.

BOOK RUNNING LEAD MANAGERS

BOOK RUNNING LEAD MANAGERS	REGISTRAR TO THE ISSUE
 <p>SBI CAPITAL MARKETS LIMITED 202, Maker Tower "E", Cuffe Parade, Mumbai – 400005 Tel: 91 22 22189166, Fax: 91 22 22188332 e-mail: pil.ipo@sbicaps.com Website: www.sbicaps.com</p>	 <p>KARVY INVESTOR SERVICES LIMITED "Karvy House", 46 Avenue Street No. 4 Banjara Hills, Hyderabad – 500 034 Tel: 91 40 23374714 Fax: 91 40 23374714 e-mail: mbd@karvy.com Website: www.karvy.com</p>
	 <p>INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (W) Mumbai – 400 078 Tel: 91 22 5555 5491, Fax: 91 22 5555 5499 e-mail: provogue@intimespectrum.com Website: www.intimespectrum.com Contact Person: Vishwas Attavar</p>

ISSUE PROGRAMME

BID/ISSUE OPENS ON	[●]	BID/ISSUE CLOSES ON	[●]
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A. DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL/ GENERAL TERMS

Term	Description
Articles/Articles of Association/ AoA	Articles of Association of Provogue (India) Limited
Companies Act / Act	The Companies Act, 1956 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year
Government /GoI	The Government of India
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
Memorandum / MoA	Memorandum of Association of the Company
NRI / Non-Resident Indian	Non-Resident Indian, as defined under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

II. OFFERING RELATED TERMS

Allotment	Issue of Equity Shares of the Company pursuant to the Public Issue to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being issued.
Bankers to the Issue	The Bankers with whom the escrow account for the Issue shall be opened
Bid	An offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Price/ Bid Amount	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Opening Date/ Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi regional newspaper
Bid Closing Date / Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi regional newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which, this Issue is being made
BRLMs	Book Running Lead Manager to the Issue, in this case being SBI Capital Markets Limited, Karvy Investor Services Limited and Anand Rathi Securities Pvt. Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no bids will be accepted
Cut-off price	Cut-off price refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band
Designated Stock Exchange	The National Stock Exchange of India
Designated Date	The date on which the funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall allot Equity Shares to successful bidders

Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with ROC at least three days before the bid/offer opening date. It will become a Prospectus after filing with ROC after the pricing
Equity Shares	Equity Shares of the Company of the face value Rs. 10 each, unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount and refunds (if any) of the amount collected to the Bidders
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank (s)	【●】
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted
Fresh Issue / Issue / Public Issue / Offer	Public issue of 40,49,402 new Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. 【●】 aggregating to Rs. 【●】 lacs by the Company in terms of this Draft Red Herring Prospectus
Issue Account	Account opened with the Banker to the issue to receive monies from the Escrow Accounts on the Designated Date
Issuer	Provogue (India) Limited
Issue Size	40,49,402 Equity Shares of the Company
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Red Herring Prospectus, as determined by the Company in consultation with the BRLMs, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Members of the Syndicate	The BRLMs and the Syndicate Members.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue being a minimum of 6,07,410 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders
Pay-in-date	The last date specified in the CAN sent to the Bidders
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in-Date
Price Band	The Price band of a minimum price (Floor Price) of Rs. 【●】 and the maximum price (Cap Price) of Rs. 【●】 and includes revision thereof
Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price
Prospectus	The Prospectus filed with the ROC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
QIB Portion	The portion of the Issue being mandatory 20,24,701 Equity Shares of Rs. 10 each at the Issue Price, available for allocation to QIBs
Qualified Institutional Buyers/ QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors registered with SEBI, Multilateral And Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 25 crores and Pension Funds with a minimum corpus of Rs. 25 crores
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount in excess of Rs. 1,00,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being a minimum of 14,17,291 Equity Shares of Rs.10 each available for allocation to Retail Individual Bidder(s)
Registrar/ Registrars to the Issue	Intime Spectrum Registry Limited
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate in relation to the collection of Bids in this Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs
Syndicate	The Syndicate Members collectively
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and Syndicate Members
Underwriting Agreement	The Agreement among the BRLMs, the Syndicate Members and the Company to be entered into on or after the Pricing Date

III. COMPANY/INDUSTRY RELATED TERMS

AHHPL	Acme Hotels & Hospitality Private Limited
Articles / AoA	Articles of Association of the Company
Auditors	The statutory auditors of the Company, Singrodia Goyal & Co., Chartered Accountants
Board/ Board of Directors	Board of Directors of Provogue (India) Limited
Committee	Committee of the Board of Directors of Provogue (India) Limited authorised to take decisions on matters related to or incidental to this Issue
The Company / PIL / Provogue / We / Us / Our Company/ The Issuer	Provogue (India) Limited, incorporated as Acme Clothing Private Limited on November 17, 1997 under the Companies Act, 1956, subsequently converted into Acme Clothing Limited on March 11, 2005 and subsequently received fresh Certificate of Incorporation consequent to change of name to Provogue (India) Limited on March 14, 2005
DFU	Dealers For You
Equity Shares	Equity Shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each
IFA	Images Fashion Award
MBO	Multi Brand Outlets
Metros	Cities with population of 70,000 and above
A Class Cities	Cities with population between 30,000 and 70,000
B Class Cities	Cities with population between 10, 000 and 30,000 and including capital cities of smaller states not falling under the category of Metros and A Class cities
Memorandum /MoA	Memorandum of Association of the Company
NCS	National Chain Stores
Provogue Studios/ Studio Stores	Own stores selling products under the brand name Provogue. These store have been take under either leave and licence, business conducting etc.
Registered Office /Registered Office of the Company	105/106, Dream Square, 1 st Floor, Off New Link Road, Andheri (W), Mumbai – 400 053
RTW	Ready To Wear
RTS	Ready To Stitch

IV. ABBREVIATIONS

Abbreviation	Full Form
Anand Rathi	Anand Rathi Securities Pvt. Limited
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	The Stock Exchange, Mumbai
A/c	Account
BCCL	Bennett, Coleman and Co. Limited
CAO	Chief Administrative Officer
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CMO	Chief Marketing Officer
COO	Chief Operation Officer
CTO	Chief Technology Officer
EBITDA	Earning Before Interest Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	Foreign Investment Promotion Board
FDI	Foreign Direct Investment

HUF	Hindu Undivided Family
IPO	Initial Public Offering
Karvy	Karvy Investor Services Limited
MNC	Multi National Company
N.A.	Not Applicable
NAV	Net Asset Value being paid up Equity Share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI(s)	Non-Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
ROC	Registrar of Companies, Maharashtra situated at 100, Everest, Marine Lines, Mumbai - 400 002
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
SBI Caps	SBI Capital Markets Limited
Sec.	Section
SIA	Secretariat for Industrial Assistance
TRS	Transaction Registration Slip
UK	United Kingdom
US	United States of America
USD or \$ or US \$	United States Dollar
WTO	World Trade Organisation

B. RISK FACTORS

I. FORWARD LOOKING STATEMENTS; MARKET DATA

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

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

For further discussion of factors that could cause the actual results to differ, see the section entitled “Risk Factors” beginning on page [•] of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our unconsolidated financial statements prepared in accordance with the Indian GAAP included elsewhere in this Draft Red Herring Prospectus. Unless stated otherwise, references to consolidated financial information is to the consolidated financial information under Indian GAAP. At present our financial year commences on April 1 and ends on March 31, earlier it commenced on October 1 and ended on September 30. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Use of Market Data

Market/Industry data used throughout this Draft Red Herring Prospectus was obtained from the Company and various published reports of Images & KSA Techopak. The information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, the Company believes that the market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.

II. RISK FACTORS

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

Materiality

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

- a) Some events may not be material individually but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. INTERNAL TO THE COMPANY

1) Risk in relation to fashion industry

We operate in branded fashion garments, which are positioned as the “in-thing”. Our target segment is fashion conscious. Any failure on our part to keep abreast with the latest trends in the fashion industry may adversely affect our competitiveness and ability to deliver newer products.

We have a dedicated design team headed by a whole-time Director tracking and forecasting fashion trends. On a bi-annual basis, this team attends international trade shows, undertakes research and forecast demands and new trends in materials and fabrics. In addition there is a continuous tracking of fashion trends, keeping in mind any requirement of mid course corrections. We believe that the lead-time in changing fashion trends is sufficient for the Company to formulate fashion strategy. The Objects of this Issue include setting up of a state-of-the-art design centre and hiring of professional design consultants to manage changes in fashion on a pro-active basis and thus ensure the continued success of Provogue as a leading brand.

2) Seasonality of Business

The sales of the Company are seasonal with higher sales during the peak season, which is from October to March. Any disturbances/disruptions during this period may lead to reduction in sales and have an impact on the performance of the Company.

We manage two types of seasonality during the year; seasonality due to climatic changes and seasonality in consumer off-take patterns. To manage climatic seasonality, our Company prepares two product ranges every year for spring-summer and autumn-winter. These ranges are distinct in terms of materials and products. This ensures trends of weather and seasonality are taken care of.

Consumer off-take patterns reach a peak during the period October-March due to festive season in India. We formulate a co-ordinate cross-functional strategy to maximize our sales during this period. Such strategy involves co-ordination between merchandising, marketing campaigns, supply chain planning to optimize sales during this period.

In order to manage our sales during the lean season, we undertake active promotional policy to improve sales coupled with season sales.

3) Merchandise obsolescence risk

In our business of fashion, we face the risk of changing consumer preferences.

We manage the risk of obsolescence through careful design planning as well as formulating our selling plan around seasonal elements. Moreover, the risk is also addressed in our product pricing and margin strategy for various customer preferences and shopping habits. We also manage our inventory by clearing the extra stock at mark down value at the end of season clearance sale and through designated factory outlets.

4) Risk in relation to distribution channels

Our distribution channel consists of Branded Stores (Provogue Studio), National Chain Stores and Multi Brand Outlets. Selection of the distribution channel in terms of combination of own stores and other outlets, location of own stores etc. may impact our business. Success of our business is highly dependent on optimizing retail locations. Failure in determining the right location can have an adverse impact on our business

We have an exhaustive list of parameters for the identification and finalisation of store premises. This includes parameters such as viability of rent and analysis of major anchor stores. An in-depth study of the location/market is undertaken for every new store. The market is determined based on demographics vis-à-vis the target customers, residential catchments, emerging markets and shopping destinations. In fact, identification of the proper location has been a contributing factor in the success of our branded stores.

Our priority is to identify the proper locations for our Provogue Studio in order to maximize our realisation.

5) Risk in relating to the Objects of the issue

The funds being raised through the issue are proposed to be used for setting up of branded studios, expansion of manufacturing capacity, setting up of a product design and development centre & working capital requirements. The proposed activities for which the funds are being raised have not been appraised and the funds requirements are based on management estimate. The orders for equipments and machinery for our proposed product design and development centre have not yet been placed and the premises for the same have not yet been identified.

We propose to build up capacity for the manufacture of trousers, which are presently being, outsourced from other manufacturers and suppliers. Manufacturing of trousers is a logical extension of our manufacturing activities. The process involved is not altogether new to us.

The expansion of branded studios over the next two-year requires us to identify locations and finalise the arrangements on a case-to-case basis. We propose to take the necessary premises for the new studios on arrangements, which shall be in the nature of leave and license agreements. Retail space availability is not expected to be difficult in view of the fact that approximately 220 malls are expected to be built across the country within the next three years (Source: Images Malls Book by The Images Group of Publication). We are in the process of identifying locations and as on date have entered into arrangements for 18 studios with various persons (for details refer to the Objects of the Issue). We have identified the locations, cities and markets for the other studios. We are confident of finalising other studios as and when the malls/ premises reach an appropriate stage of development.

The proposed mega-stores will have an average space of 5000 sq. ft. and will entail scaling up internal systems and addition of skilled personnel. We have already started the process of training front-end and back-end personnel. A more focused training system is being devised under the direct supervision of a Promoter-Director. We are confident of being able to manage this transition in growth.

For the implementation schedule, please refer to the Chapter on Objects of the Issue on page _____. Further in terms of the requirement of the Companies Act/ Listing Agreement, the Company shall be required to disclose in their Balance Sheet and the periodic returns about the unutilized proceeds of the issue under a separate head.

6) Sale Deed with Acme Exports, a group concern, not entered into.

The Company has entered into an Agreement for Sale dated March 29, 2005 with Acme Exports for the purchase of one-half share in the land and absolute ownership of the super structure of the first and second floor of the Industrial Building admeasuring 996.5 sq. mtrs. situated at Village Kadiya, District Daman, bearing no. 98/8, Marwad Group Gram Panchayat, Daman for a consideration of Rs. 98 lakhs. The entire consideration amount has already been paid without entering into a Sale Deed. After receiving all necessary approvals for transfer of the property, the parties shall enter into a Sale Deed for concluding the sale of the property.

7) Registration of Trade Marks

We launched our brand 'Provogue' in 1998. We have made an application to the Trade Mark Registry, Mumbai to register our brand 'Provogue' in June 1998. The brand Provogue has not yet been registered and is in the process of registration with the Trade Mark Registry. However, as a process of registration, our brand has been advertised in the Trademarks Journal of the Trade Marks Registry, Mumbai on February 1, 2002. Since we are in the business of building a fashion brand, failure to obtain the registration may have an adverse impact on our business.

8) Trade Marks Litigation against the Company

A suit for 'Passing off' of Trade Mark and Damages (not quantified) has been filed against us for using the trademark "Provogue". This suit has been filed by Advance Magazine Publishers Inc., USA (AMP) the publishers of Vogue fashion magazine in the District Court, Gurgaon, Haryana in the year 2003. AMP has alleged that our trademark resembles its world famous trademark "Vogue".

An Interim Application was filed by AMP in the Gurgaon Court for a stay/injunction order restraining us from using our trademark "Provogue". On hearing the matter, the Gurgaon Court rejected the stay application and refused to restrain us from using the Trade Mark "Provogue".

AMP has appealed against the rejection of the stay application in the Punjab & Haryana High Court at Chandigarh. The Appeal is pending before the High Court and the suit is pending before the Gurgaon Court.

A Decree against the Company in the above the matter may have a materially adverse effect on the business of the Company.

9) Other Litigations against the Company

There are some other litigations filed against us pertaining to:

- i) Reinstatement of an employee who was actually hired on a contractual basis through a contractor;
- ii) Recovery of dues amounting to Rs. 1.97 lacs towards goods returned by a dealer;
- iii) An Order passed by the Asst. Provident Fund Commissioner, Kandivali, Mumbai in relation to PF Contributions amounting to Rs. 14.34 lacs. The Order has been challenged by us before the Appellate Authority and the same has been stayed pending disposal of the Appeal.
- iv) A Complaint filed against Acme Global, a division of the Company, under section 138 of the Negotiable Instruments Act for an amount of Rs. 5.00 lacs.

For further details, please refer to "Outstanding Litigation and Material Development" on page [●].

10) Action taken by SEBI against a Director

SEBI appointed an Adjudication Officer in January 1998 to inquire into the violations of Regulation 6(1) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1994 against Mr. Rakesh Jhunhunwala, a Director of the Company, regarding acquisition of more than 5% of the paid up equity share capital of a listed company without informing the company and the stock exchange. Mr. Rakesh Jhunhunwala admitted that the acquisition of the said shares, which exceeded the limit of 5% only by a small margin, was an unintentional mistake and that the acquisition was a pure investment.

The Adjudication Officer by an Order dated March 19, 1998 directed Mr. Rakesh Jhunhunwala to pay a penalty of Rs. 15,000/- for the technical violation. The said amount has already been paid by him to SEBI in April, 1998.

A show cause notice has been issued by SEBI against Mr. Rakesh Jhunhunwal. For details refer to Page ____.

None of the proceedings pending against the Directors, if determined adversely against them shall have any material or adverse effect on the business prospects or financials of the Company.

11) Non-availability of Tax benefit in the future

Our manufacturing facility for apparels at Daman enjoys Income Tax exemption under section 80(IB) of the Income Tax Act, 1961 for a period of five years beginning from April 01, 2003. Non-availability of such exemption at the end of the five-year period i.e. from April 01, 2008, may affect our profitability.

12) Regional concentration and dependence on few customers

A majority of our exports are to countries in the African Continent. Further, within such countries we are dependent on few customers. In the export business, around 40% of our sales are dependent on a single customer. Such high level of dependence may not work in the best interest of our company.

We have been widening our base of customers with a view to reduce our dependence on single customer. This has been reduced to 40% from a dependence of almost 80% two years ago and this may further reduce as we expanding our overseas market penetration.

13) Contingent Liability against the Company

As on September 30, 2004 the contingent liability outstanding against the Company is as follows:

(Rs. in Lacs)	
Particulars	September 30, 2004
Letter of Credit outstanding	9.75
Bank Guarantee	31.15
Total	40.90

14) Loss making ventures of the Promoters:

Some of the ventures promoted by our promoters have incurred losses in the previous years as follows:

Rs. In Lacs				
Name of the group companies/firms	March 31, 2002	March 31, 2003	March 31, 2004	Sept 30, 2004
Appearance International	(9.11)	(5.61)	(5.10)	(2.61)
Floro Mercantile Private Ltd.	0.39	(0.48)	(1.27)	12.87
Flowers, Plants, Fruits (India) Private Ltd.	-	-	(0.02)	(0.02)

15) Dependence on Key Management Team

We have a team of professionals who are responsible for the day-to-day operations and drive the business growth. We may lose our key management team to our competitors. If one or more members of our management team are unable or unwilling to continue with the company, we may find it difficult to replace such people and our business may be adversely affected.

16) Additional funds requirements and inability to manage growth

We may require additional capital from time to time depending on our business needs. Any fresh issue of shares or convertible securities would dilute the shareholding of the existing holders and such issuance may be done on terms and conditions, which may not be favourable to the then existing investors.

Our business is rapidly growing and any inability to manage this growth may result in reduced sales and profits. There is no assurance that we shall be able to sustain these levels of growth. Any failure on our part to scale to meet the challenges of rapid growth could impact our business.

17) Competition from Other Brands

We may face competition from other brands present in the market as also new brands that may enter in the market in the future. The brand 'Provogue' was launched in the year 1998 and in a matter of about seven year, we have established ourself as a prominent player in the market. This has been acknowledged by the industry / forums in the form of various awards & recognition, details of which are provided on page [●].

18) Restrictive covenants

We are subject to usual and customary restrictive covenants in agreements that we have entered into with our banks for short-term loans and long-term borrowings. These restrictive covenants require us to seek the prior permission of the banks for various activities, including amongst others, alteration of the capital structure, raising of fresh capital, incurring expenditure on new projects, entering into any merger / amalgamation / restructuring, change in management etc. However, these restrictive covenants may affect some or all of the rights of our shareholders, including those mentioned on Page [●] of this Draft Red Herring Prospectus.

We have obtained a No Objection Certificates from our bankers i.e. Andhra Bank and Corporation Bank vide their letters dated March 3, 2005 and March 16, 2005 respectively for our proposed public issue.

19) Issue of shares in the last 12 months

We have issued shares in the last one-year. For details please refer to the notes to the Capital Structure on Page [●]. Further, On February 01, 2005, the Company has issue bonus shares in the ratio of 11:5 to all the existing shareholders. Thus the actual cost of acquisition for the shareholders holding shares as on February 01, 2005 gets reduced.

- 20) All our stores are not on ownership basis but taken on contractual agreement basis which are in the nature of leave and license agreements. Any deficiency in the title/ownership rights/ development rights of the owners leading to disputes may impede the operations of our studios.

B. EXTERNAL RISK FACTORS

1. There are risks to studios from fire, riots, vandalism, terrorism and other law and order problems. Any violence in public places such as malls and retail stores could cause damage to life and property and may also impact consumer sentiment and their willingness to visit such places.
2. There is a risk of increased municipal and other taxes and levies including octroi and sales tax.
3. The performance of Companies engaged in fashion and lifestyle products depends to a large extent upon the economic condition of the country and its consumers. A slow down in the economy can have a negative impact on the spending power of the consumers, thereby reducing there spend on fashion and lifestyle products.
4. Exchange rate fluctuations may have an impact on the performance of the Company.

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the revenues from our export business.

5. After this issue, the price of the Equity Shares may be highly volatile or there may be no active market for the Equity Shares which may be due to following reasons:
 - a. Volatility in the Indian and global securities market;
 - b. Results of operations and performance of the Company;
 - c. Performance of the Indian economy
6. There has been no public market for the Equity Shares of the Company and their prices may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold through this issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Notes:

1. Investors are advised to refer to the para on “Basis for Issue Price” on Page No. [●] before making any investment in this Issue
2. Investors may note that in case of oversubscription, allotment to Retail Investors and Non Institutional Investors shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead Manager and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
3. The book value per share as on September 30, 2004 is Rs. 21.14
4. The net worth of the Company as per the Financial Accounts of the Company as on September 30, 2004 is Rs. 1690.63 lacs.
5. Issue size consists of 40,49,402 Equity Shares of Rs. 10/- each for cash at a premium of Rs. [●] per share aggregating to Rs. [●] lacs
6. The Issue is being made under clause 2.2.2 of SEBI (DIP) GUIDELINES, 2000 through a 100% Book Building Process wherein mandatory 50% of the issue Size will be allocated on a discretionary basis to Qualified Institutional Buyers (“QIBs”). Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price. In case the allotment to QIBs works out to less than 50% of the issue size, we shall return the entire application money.
7. The average cost of acquisition of Equity Shares of the Promoter is as follows:

Name of the Promoter	Average Cost of Acquisition (in Rs.)
Mr. Nikhil Chaturvedi	7.90
Mr. Akhil Chaturvedi	3.13
Mr. Salil Chaturvedi	7.08

Mr. Rakesh Rawat	17.12
Mr. Deep Gupta	11.59
Mr. Nigam Patel	3.13

8. Other than as disclosed either in related party transaction or otherwise, the promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding in the company or out of any business relation with any of the ventures in which they are interested
9. The Promoter Group/ directors of the Company have not purchased and or sold / financed any shares of the Company during the past six months other than as disclosed in the notes to the Capital Structure on page [•].
10. The investors may contact the BRLMs or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same.
11. Details of Related Party Transactions for the six-month ended September 30, 2004 are given on Page [•] of this Draft Red herring Prospectus.
12. The Company issued bonus shares in the ratio of 11:5 on February 01, 2005 i.e. after the last date upto, which the financials are presented in this draft RHP.

C. INTRODUCTION

I. SUMMARY

The Industry

The apparel sector is structurally a labour intensive, low wage industry with some differences across its market segments. However in the high-quality fashion market, the industry is characterized by modern technology, relatively well-paid workers and designers and a high degree of flexibility. The total clothing market in India is estimated at around Rs 78,000 Crores (source: Images/KSA Technopak 2004 Fashion Textiles Yearbook, published March 2005) comprising of all forms of clothing including school uniforms; and is still largely traditional wear with made-up garments produced by local tailors from cloth bought by the consumer.

The RTW market is still undergoing development in India and this growth has accelerated over the past ten years in line with the economic development and change in lifestyles of the population and the boost given by the Government in the form of various initiatives.

Business

We are in the business of designing, manufacturing and selling of branded ready made garments and other accessories under the brand “Provogue” which has been positioned as a fashion label in the Indian market. A major portion of apparel garments is manufactured at an in-house plant at Daman (UT), India, with the remaining garments and accessories being outsourced. Our distribution channel comprises of a mix of own branded stores (Provogue Studio) and a network of national chain stores and Multi Brand Outlets(MBO).

Branding and Marketing

We have grown the apparel business from a strong branding and marketing foundation. In the seven years since the launch of Provogue, we have come to be acknowledged as a leading brand in our segment and are known for innovative and powerful marketing and advertising campaigns. While our marketing expenditures are in keeping with the norms for the apparel business, the consumer recall for the Provogue label is high because of the creative nature of our campaigns and its relevance to the Indian consumer. Provogue is a brand designed for Indians by the Indians and reflects contemporary orientation and styles. The brand attributes that we have driven are:

- Bold and Iconic
- Style and Contemporary Fashion
- Innovative and Change
- First mover and Newsworthy

Management

The company is currently managed by Board of Directors comprising of 11 directors. Mr. S. Jambunathan is the Non - Executive Chairman. The day-to-day affairs of the company are being managed by Mr. Nikhil Chaturvedi, Managing Director, assisted by five Whole time directors. Their broad area of operations is as follow:

- Nikhil Chaturvedi, Chief Executive Officer (CEO) is responsible to the Board for optimizing shareholder value and for ensuring legal and fiscal compliance. Reporting to him are five senior directors.
- Salil Chaturvedi, Chief Marketing Officer (CMO) is responsible for product design and development and for the marketing and positioning of the Provogue brand in all its channels, including the operations of AHHPL.
- Akhil Chaturvedi, Chief Administrative Officer (CAO) is responsible for Human Resources, Legal Compliances, Information Technology and General Administration;
- Deep Gupta, Chief Financial Officer (CFO) is responsible for finance and treasury operations of the Company
- Nigam Patel, Chief Operating Officer (COO) is responsible for the Provogue Studios (i.e. identification and completion of new studio locations) and the sales & merchandising of Provogue products;
- Rakesh Rawat, Director, Textile Exports is responsible for the textile business in terms of export of fabrics, textile machinery and related dyes and chemicals sourcing, value addition and sales.

II. THE ISSUE

Equity Shares offered:

(Issue Size/ Net Offer to Public)

40,49,402 Equity Shares

Of which:

- Qualified Institutional Buyers portion Mandatory of 20,24,701 Equity Shares
*Constituting 50% of the Net Offer to the Public
(Allocation on a discretionary basis).*
- Non-Institutional portion Minimum of 6,07,410 Equity Shares
*Constituting 15% of the Net Offer to the Public
(Allocation on a proportionate basis)*
- Retail portion Minimum of 14,17,291 Equity Shares
*Constituting 35% of the Net Offer to the Public
(Allocation on a proportionate basis)*

Under subscription in any of the category other than QIB, shall be allowed to be met through oversubscription in any other category. In case the allotment to QIBs works out to less than 50% of the Net Offer to the Public, the entire bid amount/ application money shall be refunded. The allocation to QIBs, shall be determined by the Book Running Lead Manager(s) based on prior commitment, investor quality, price aggression, earliness of bids, etc.

Equity Shares outstanding prior to the Issue 1,21,48,206 Equity Shares

Equity Shares outstanding after the Issue 1,61,97,608 Equity Shares

Object of the Issue The Company intends to deploy the net proceeds from the issue of shares for funding the capex requirements, expand present manufacturing facilities and product development facilities and meet working capital requirements. As a result of this Issue, the Company also expects to provide greater liquidity to its existing shareholders. For details, please see the section entitled "Objects of the Issue" on page [●] of this Red Herring Prospectus for additional information.

Corporate Information

Provogue (India) Limited was incorporated as Acme Clothing Private Limited on November 17, 1997 under the Companies Act, 1956. Converted into Acme Clothing Limited on March 11, 2005 and received fresh Certificate of Incorporation consequent to change of name to Provogue (India) Limited on March 14, 2005. The registered office of the Company is located at 105/106, Dream Square, 1st Floor, Off New Link Road, Andheri (W), Mumbai – 400 053 (Previously, the registered office of the company on incorporation was at 63-A, Bombay Talkies Compound, Malad (W), Mumbai - 400 061 and in 1999 was shifted to 138-141, Govt. Industrial Estate, Charkop, Kandivali , Mumbai – 400 067). Telephone number is +91-22-2869 3892, Fax No. +91-22-2868 2225. Email ID : investorservice@provogue.net, Website: www.provogue.net . Contact Person: Mr. Aniket Hirpara.

III. FINANCIAL SUMMARY

The Company has changed its financial year from September ending to March ending. Hence the financial for the period ending March 31, 2004 are for a period of six months.

Statement of Assets & Liabilities (As Restated)

(Rs. in lakhs)

As at	30.09.04	31.03.04	30.09.03	30.09.02	30.09.01	30.09.00
A. Fixed Assets						
Gross Block	1168.05	801.43	842.39	379.99	100.73	71.84
Less : Depreciation	226.20	153.29	114.36	55.84	27.16	10.50
Net Block	941.85	648.14	728.03	324.15	73.57	61.34
Capital Work in Progress	227.11	288.37	0.00	53.00	186.67	0.00
	1168.96	936.51	728.03	377.15	260.24	61.34
B. Current Assets, Loans and Advances						
Inventories	2638.75	2140.23	1510.28	1103.20	861.36	435.13
Sundry Debtors	2025.50	548.58	441.41	494.05	432.09	288.76
Cash and Bank Balances	168.72	124.55	109.30	92.80	75.64	32.78
Loans and Advances	900.33	315.01	230.65	142.61	115.55	47.32
	5733.30	3128.37	2291.65	1832.66	1484.64	803.99
C. Liabilities and Provisions						
Secured Loans	3088.02	1904.71	1031.97	746.32	550.13	242.65
Unsecured Loans	100.62	118.49	86.61	188.72	161.81	94.03
Deferred Tax Liability (Net)	20.93	26.63	4.76	0.00	0.00	0.00
Current Liabilities and Provisions	2002.06	945.74	1069.79	638.59	388.70	355.19
	5211.63	2995.57	2193.13	1573.63	1100.64	691.87
D. Net Worth (A+B-C)	1690.63	1069.31	826.55	636.18	644.24	173.46
E. Represented by						
1. Share Capital	300.06	249.89	249.89	236.59	236.59	50.00
2. Share Application Money	224.00	115.00	0.00	0.00	9.16	80.00
3. Reserves	1708.57	1240.26	1112.62	1055.69	890.19	390.42
Less : Restatement Reserves	534.40	534.40	534.40	654.28	489.63	346.70
Less : Miscellaneous Expenses not written off	7.60	1.44	1.56	1.82	2.07	0.26
Net Worth	1690.63	1069.31	826.55	636.18	644.24	173.46

Note :

The fixed asset have not been revalued during any of the reported year-end / period.

Statements of Profits & Losses (As Restated)
(Rs. in lakhs)

Particulars	6 months ended 30.09.04	6 months ended 31.03.04	Year ended 30.09.03	Year ended 30.09.02	Year ended 30.09.01	Year ended 30.09.00
A. Income						
Operational Income	5473.67	2738.32	4077.63	2871.16	2085.20	1403.95
Other Income	4.65	60.00	20.56	6.49	5.71	6.69
Increase / (Decrease) in Stocks	98.12	488.58	547.98	185.26	461.58	179.39
Total	5576.44	3286.90	4646.17	3062.91	2552.49	1590.03
C. Expenditure						
Cost of Raw Material Consumed/ Goods Sold	3472.87	1761.56	2456.56	1605.25	1554.99	501.97
Manufacturing Expenses	321.95	90.84	182.96	175.16	153.56	248.88
Excise Duty & Sales Tax	136.73	177.84	263.73	118.45	113.86	53.22
Personnel Expenses	122.66	105.80	123.09	83.92	70.03	46.82
Administrative & Other Expenses	173.10	167.43	222.71	156.55	175.86	161.82
Selling & Distribution Expenses	765.69	628.67	900.65	614.63	237.65	162.68
Interest & Financial Charges	134.76	123.82	122.75	92.96	66.30	24.44
Miscellaneous Expenditure Written Off	0.83	0.13	0.26	0.26	0.37	0.03
	5128.59	3056.09	4272.71	2847.18	2372.62	1199.86
D. Net profit before Depreciation, Tax and Extraordinary Items	447.85	230.81	373.46	215.73	179.87	390.17
Depreciation	87.28	57.79	66.54	36.73	16.66	9.49
Profit / (Loss) before Tax	360.57	173.02	306.92	179.01	163.21	380.68
Provision for taxation						
- Current tax	91.00	21.25	23.50	13.50	11.00	15.00
- Deferred tax	(5.70)	21.87	87.11	0.00	0.00	0.00
- Previous year taxes	7.66	2.26	8.69	0.00	0.00	0.00
Profit / (Loss) after tax as per Audited Financial Statements	267.61	127.64	187.62	165.51	152.21	365.68
Adjustment on Account of Changes in Accounting Policy	0.00	0.00	119.88	(164.65)	(142.93)	(319.36)
	267.61	127.64	307.50	0.86	9.28	46.32
Dividend on Shares	0.00	0.00	23.68	0.00	0.00	2.03
Tax on Dividend	0.00	0.00	3.03	0.00	0.00	0.45
	267.61	127.64	280.79	0.86	9.28	43.84
Add : Balance brought from previous year	231.94	104.31	53.86	53.00	43.72	(0.12)
Less : Deferred Tax Liability as on 01.10.2002	0.00	0.00	230.33	0.00	0.00	0.00
Balance carried to Summary of Assets and Liabilities	499.55	231.94	104.31	53.86	53.00	43.72

PROVOGUE (INDIA) LIMITED

Registered Office: 105/106, Dream Square, 1st Floor, Off New Link Road, Andheri (W), Mumbai – 400 053
Tel.: 91 22 2869 3892, Fax: 91 22 2868 2225, e-mail: investorservice@provogue.net, website: www.provogue.net
Registered with Registrar of Companies, Maharashtra, 100, Everest, Marine Lines, Mumbai - 400 002. Registration No. 11-111924

IV. GENARAL INFORMATION

Board of Directors:

The company is currently managed by Board of Directors comprising of 11 directors. Mr. S. Jambunathan is the Non - Executive Chairman. The day-to-day affairs of the company are being managed by Mr. Nikhil Chaturvedi, Managing Director, assisted by other Whole time directors. Our Board of Directors comprises of the follows:

Name	Designation
Mr. S. Jambunathan	Non Executive Chairman
Mr. Nikhil Chaturvedi	Managing Director
Mr. Salil Chaturvedi	Whole time Director
Mr. Akhil Chaturvedi	Whole Time Director
Mr. Deep Gupta	Whole Time Director
Mr. Nigam Patel	Whole Time Director
Mr. Rakesh Rawat	Whole Time Director
Mr. Timothy Leif Walton Eynon	Director
Mr. Rakesh Jhunjhunwala	Director
Mr. Shahid Balwa	Director
Mr. Prakash Thakur	Director

Brief details of Chairman, Managing Director and Whole-time Director:

Mr. S Jambunathan, 65, Non-Executive Chairman, is currently the Non-Executive Chairman of the BSE. He is a Gold medalist in Mathematics from Madras University. He is an IAS Officer of Maharashtra cadre, who retired as Chairman cum Managing Director of Export Credit Guarantee Corporation. During his career, he has held posts of Collector, Chief Executive Officer, etc. During his service, he was also a Director in EXIM Bank, Bharat Electronics Limited, Bharat Dynamics Limited, SICOM & MIDC.

Nikhil Chaturvedi, 36, Managing Director, is a Commerce graduate. He is the founder member of Provogue (India) Limited and has been responsible for its overall operations and growth since inception in November 1997. He has more than 14 years of experience in various facet of business. He has been instrumental in the development of the Company. He has been a hands on management person who has dealt with all the facets of the business since its inception. Prior to starting up the Acme Group, Nikhil has also worked briefly with a leading ad agency i.e. ADFactors and a garment export house i.e. Metro Exports.

Salil Chaturvedi, 33, Whole-time Director, is a Science graduate from Bombay University A founder member of Provogue (India) Ltd, he has 12 years experience in garment designing, manufacturing and marketing. He has been responsible for the operations and vendor development programs for manufacturing and processing. He heads the Design Team and plays a key role in conceptualisation, planning and implementation of all marketing events. His past work experience involves handling various aspects of export business in the garment industry.

Akhil Chaturvedi, 40, Whole-time Director, is a Science graduate and holds a Masters Degree in Management Studies from S.P. Jain Institute of Management Studies. He is the founder member of Provogue (India) Limited and is currently looking after Corporate Planning, technology and supply chain function of the Company. He also plays a key role in all HR and Legal issues relating to the business of the Company. He has varied experience in the field of Marketing of FMCG and has worked with leading MNC's and Indian companies over a span of 9 years in companies such as WIMCO limited, Balsara, Ion Exchange India. He has been responsible for successful launch of many brands like Promise, Zero B etc. He has also worked with UK based Coopers & Lybrands Consulting Group on brand strategies.

Deep Gupta, 37, Whole-time Director, is a Civil Engineer and an MBA from Ohio State University, USA. A founding member of Provogue (India) Ltd, he has been instrumental in the growth of Provogue. He is a specialist in the field of Finance and Administration and is mainly responsible for fund management and mobilization activities. He has played a key role in setting up of systems and process for operational accounts and has handled all matters relating to Banking and Finance. He has worked with TECS on project planning for about a year.

Nigam Patel, 34, Whole-time Director, is a Commerce graduate. He is the founder member of Provogue (India) Limited and heads the sales function and is responsible for framing and implementation of the marketing plans. He has also played a key role in the creation of the distribution network and implementation of the exclusive store strategy. His prior work experience was with companies like Indian Market Research Bureau (IMRB) and Godrej and Boyce.

Rakesh Rawat, 35, Whole-time Director, is an MBA, University of Rajasthan. He has been instrumental in the growth of Provogue. He is a specialist in the field of International Trade. He has been responsible for marketing, vendor management and fund management and mobilization activities. He has played a key role in setting up of systems and process for setting up the export business and all matters relating to Banking and Finance. He has worked with Andhi Marble Pvt. Ltd. & Saraswati Overseas handling their export business as export manager and Working Partner, Exports respectively.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Aniket Hirpara

Company Secretary
Provogue (India) Limited
138-141, Govt. Indl. Estate
Charkop, Kandivali (W)
Mumbai – 400 067
Tel: 91 22 2869 3892,
Fax: 91 22 2868 2225
e-mail: investorservice@provogue.net

Investors can contact the Compliance Officer in case of any pre-offer or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

LEGAL ADVISORS TO THE COMPANY

Rajani Associates

F-4, Panchsheel,
53, 'C' Road, Churchgate
Mumbai – 400 020
Contact Person: Prem Rajani
Tel No: 91 22 22021010,
Fax No: 91 22 22021011
E-mail: info@rajaniassociates.net

BANKERS TO THE COMPANY

Andhra Bank

Andheri East Branch
116, Saurabh Building, Andheri-Kurla Road
Andheri (E), Mumbai – 400 093
Contact Person: Mr. S.S. Sundara Rao
Tel No: 91 22 2836 6860/ 2832 8623,
Fax No: 91 22 2824 2281
Email: bumum028@andhrabank.co.in

Corporation Bank

SSI Branch, Bonanza
Sahar Plaza, Andheri-Kurla Road
Andheri (E), Mumbai – 400 059
Contact Person: Mr. U. C. Nayak
Tel. No.: 91 22 2820 3815/ 2823 9387,
Fax No.: 91 22 28203814
Email: cb508@corpbank.co.in

BOOK RUNNING LEAD MANAGERS (BRLMs)

SBI Capital Markets Limited

202, Maker Tower ,E'
Cuffe Parade
Mumbai – 400 005
Contact Person: Devendra Dhanesha
Tel: 91 22 22189166
Fax: 91 22 22188332
e-mail: pil.ipo@sbicaps.com
Website: www.sbicaps.com

Karvy Investor Services Limited

"Karvy House", 46 Avenue Street No. 4
Banjara Hills,
Hyderabad – 500 034
Contact Person: Mr. T R Prashanth Kumar
Tel: 91 40 2337 4714
Fax: 91 40 23374714
e-mail: mbd@karvy.com
Website: www.karvy.com

Anand Rathi Securities Pvt. Limited

54-55 Mittal Court B
Nariman Point
Mumbai – 400 021
Contact Person: Ms. Nisha Shah
Tel: 91 22 2287 1388
Fax: 91 22 2283 5131
Email: provogue@rathi.com
Website: www.rathi.com

REGISTRAR TO THE ISSUE INTIME SPECTRUM REGISTRY LTD.

C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai – 400 078
Contact Person: Mr. Vishwas Attavar
Tel: 91 22 5555 5491
Fax: 91 22 5555 5499
Email: provogue@intimespectrum.com
Website: www.intimespectrum.com

BANKERS TO THE ISSUE

[•]

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue

SYNDICATE MEMBERS

(Will be completed before RoC filing)

AUDITORS

SINGRODIA GOYAL & CO.

Chartered Accountants
A-201, Rajeshri Accord
Telly Cross Lane, Off S.N.Road
Andheri (E), Mumbai – 400 069
Tel: 91 22 2683 6363
Fax: 91 22 2682 6464
Email: info@singrodiagoyal.com

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES AMONGST BRLMs

The responsibilities and co-ordination for various activities in this Issue have been distributed amongst the BRLMs as under:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	SBI Caps, Karvy	SBI Caps
2.	Due diligence of the company's operations / management / business plans /legal etc.	SBI Caps, Karvy	SBI Caps
3.	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	SBI Caps, Karvy	SBI Caps
4.	Drafting and approval of Issue and statutory publicity material, etc.	SBI Caps, Karvy	SBI Caps
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material	SBI Caps, Karvy, Anand Rathi	Anand Rathi
6.	Appointment of Registrar, Bankers and Ad agency	Anand Rathi	Anand Rathi
7.	Appointment of Printer	Anand Rathi	Anand Rathi
8.	Marketing of the Issue, which will cover inter alia, Formulating-marketing strategies, preparation of publicity budget Finalize Media & PR strategy Finalizing centers for holding conferences for brokers, etc. Finalize collection centers Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	SBI Caps, Karvy, Anand Rathi	Anand Rathi
9.	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	SBI Caps, Karvy, Anand Rathi	Anand Rathi
10.	Finalizing of Pricing & Allocation	SBI Caps, Karvy, Anand Rathi	Anand Rathi
11.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	Karvy	Karvy
12.	The Post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the issuer company.	Karvy	Karvy

The selection of various agencies like the Registrar to the Issue, Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, Brokers, Advertising agencies, Public Relations agencies etc. will be finalised by the Company in consultation with the BRLMs.

Trustees

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

Credit Rating

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

Monitoring Agency

No agency has been appointed to monitor the utilisation of funds.

Book Building process

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

- (1) The Company
- (2) Book Running Lead Managers, in this case being SBI Capital Markets Limited, Karvy & Anand Rathi
- (3) Syndicate Members, who are intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs
- (4) Registrar to the Issue

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein mandatory 50% of the Issue shall be allocated on a discretionary basis to QIBs (clause 2.2.2). Further, at least 15% of the Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and at least 35% of the Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

The Company shall comply with guidelines issued by SEBI for this Issue. In this regard, the Company has appointed SBI Capital Markets Limited, Karvy and Anand Rathi as the Book Running Lead Managers (collectively being referred to as BRLMs) to the Issue to procure subscription to the Issue.

The investors are advised to make their own judgment about investment through the process of book building prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. See page [•] for the section on “Terms of the Issue” in this Red Herring Prospectus.

Steps to be taken for bidding:

1. Check eligibility for bidding (please refer to the section “Issue Procedure- Who Can Bid” on page [•] of this Draft Red Herring Prospectus);
2. Ensure that the bidder has a demat account; and
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Since the issue of shares is governed by clause 2.2.2 of SEBI (DIP) Guidelines, 2000, the underwriting shall be for 50% of the Net Issue to the Public, i.e. the allotment of 50% of the Issue Size to QIBs shall not be underwritten.

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

Name & Address of the Underwriter	Indicated no. Of shares to be underwritten	Amount underwritten (Rs. Lacs)
SBI Capital Markets Limited 202, Maker Tower ,E' Cuffe Parade Mumbai – 400 005	[•]	[•]
Karvy Investor Services Limited “Karvy House”, 46 Avenue Street No. 4	[•]	[•]

Banjara Hills, Hyderabad – 500 034		
Anand Rathi Securities Pvt. Limited 54-55 Mittal Court B Nariman Point Mumbai – 400 021	[•]	[•]
[•]	[•]	[•]

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The above Underwriting Agreement is dated [•]

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Public Issue Committee, at their meeting held on [•], have accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company and have issued letters of acceptance to the Underwriters.

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

V. CAPITAL STRUCTURE

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

SHARE CAPITAL	(Rs. In Lacs)	
	Face Value	Total Value Including Premium
A. Authorised Capital 1,80,00,000 Equity Shares of Rs. 10 each	1800.00	
B. Issued Subscribed And Paid-Up Capital 1,21,48,206 Equity Shares of Rs. 10 each fully paid-up	1214.82	3704.33
C. Present Issue to the public in terms of this Draft Red Herring Prospectus 40,49,402 Equity Shares of Rs. 10 each fully paid up	404.94	[•]
D. Equity Capital after the Issue 1,61,97,608 Equity Shares of Rs. 10 each	1619.76	[•]
E. Share Premium Account Before the Issue After the Issue		2489.51 [•]

Details of Increase in Authorised Capital

Date	Authorised Capital (Rs.)	Face Value (Rs.)	No. of Shares	Particulars
17.11.1997	50,00,000/-	10/-	5,00,000	Incorporation
05.03.2001	3,25,00,000/-	10/-	32,50,000	Increase
25.09.2004	13,25,00,000/-	10/-	1,32,50,000	Increase
28.01.2005	18,00,00,000/-	10/-	1,80,00,000	Increase

Notes to Capital Structure

a) Capital History

Date of Allotment	No. of Shares	Cumulative Total Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for allotment (bonus, swap etc.)	Cumulative Share Premium (Rs.)
17.11.1997	500	500	10	10	Cash	Allotment to subscribers to the memorandum	0
28.08.1999	134600	135100	10	10	Cash	Preferential Allotment to Promoters and Others	0
03.01.2000	364900	500000	10	10	Cash	Preferential Allotment to Promoter	0
28.03.2001	1500000	2000000	10	10	Cash	Preferential Allotment to Promoters and Others	0
03.09.2001	365860	2365860	10	105	Cash	Preferential Allotment to Others	34756700
26.09.2003	133000	2498860	10	105	Cash	Preferential Allotment to Promoters and Others	47391700
28.09.2004	501770	3000630	10	50	Cash	Preferential Allotment to Promoters and Others*	67462500

26.10.2004	20000	3020630	10	105	Cash	Preferential Allotment to Others	69362500
20.01.2005	187500	3208130	10	168	Cash	Preferential Allotment to Others	98987500
01.02.2005	7057886	10266016	10	NA	Non- Cash	Bonus in the ratio of 11:5	51595800**
08.02.2005	230465	10496481	10	93	Cash	Preferential Allotment to Others	70724395
04.03.2005	42625	10539106	10	70	Cash	Allotment to the employees & others	73281895
07.03.2005	366000	10905106	10	95.6	Cash	Preferential Allotment to Others	104611495
09.03.2005	180420	11085526	10	104	Cash	Preferential Allotment to Others	121570975
12.03.2005	299115	11384641	10	104	Cash	Preferential Allotment to Others	149687785
14.03.2005	763565	12148206	10	140	Cash	Preferential Allotment to Others	248951235

* The Company acquired the entire business of Acme Global. In discharge of its payment obligations, on September 28, 2004 the Company issued Promissory Notes to the four (4) partners of Acme Global, Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi, Mr. Deep Gupta and Mr. Rakesh Rawat. The partners of Acme Global have by their letter dated September 28, 2004 requested the Company to appropriate their debt of Rs.2,49,88,500 as subscription amount towards issue of 499,770 Equity Shares of Rs.10 each at a premium of Rs.40 per Equity Share. Out of the 501,770 shares issued on September 28, 2004, 499,770 shares were issued to these promoters.

** Out of Accumulated Share Premium of Rs.9, 89,87,500/-, the Company has utilized Share Premium amount to the extent of Rs.4, 73,91,700/- towards the issue of Bonus Shares to the existing shareholders.

b. Details of Promoter Contribution and lock-in

Allotment to Promoters

Promoter	Date of allotment	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Rs.)
Nikhil Chaturvedi	17.11.1997	100	10	10	1000
	28.08.1999	26900	10	10	269000
	03.01.2000	123000	10	10	1230000
	28.03.2001	250000	10	10	2500000
	26.09.2003	43700	10	105	4588500
	28.09.2004	99955	10	50	4997750
	01.02.2005	1172281	10	NA	Bonus
	Total	1715936			
Salil Chaturvedi	17.11.1997	100	10	10	1000
	28.08.1999	26900	10	10	269000
	03.01.2000	123000	10	10	1230000
	28.03.2001	281000	10	10	2810000
	26.09.2003	26600	10	105	2793000
	28.09.2004	99955	10	50	4997750
	01.02.2005	1134661	10	NA	Bonus
	Total	1692216			
Akhil Chaturvedi	17.11.1997	100	10	10	1000
	28.08.1999	26900	10	10	269000
	03.01.2000	53000	10	10	530000
	28.03.2001	128000	10	10	1280000
	01.02.2005	345840	10	NA	Bonus
	Total	553840			
Deep Gupta	17.11.1997	100	10	10	1000
	28.08.1999	26900	10	10	269000

	03.01.2000	32900	10	10	329000
	28.03.2001	96000	10	10	960000
	26.09.2003	43700	10	105	4588500
	28.09.2004	99955	10	50	4997750
	01.02.2005	661881	10	NA	Bonus
	Total	961436			
Nigam Patel	17.11.1997	100	10	10	1000
	28.08.1999	26900	10	10	269000
	03.01.2000	33000	10	10	330000
	28.03.2001	55000	10	10	5550000
	01.02.2005	345840	10	NA	Bonus
	Total	460840			
Rakesh Rawat	26.09.2003	19000	10	105	1995000
	28.09.2004	199905	10	50	9995250
	01.02.2005	481591	10	NA	Bonus
	Total	700496			

Final Shareholding of the Promoter

Name of Promoter	Shares Allotted as per Table above	Add: Shares acquired by way other than allotment	Less: Shares Transferred	Pre issue Shareholding
Nikhil Chaturvedi	1715936	19200	30000	1705136
Salil Chaturvedi	1692216	NIL	41800	1650416
Akhil Chaturvedi	553840	NIL	50800	503040
Deep Gupta	961436	1300	NIL	962736
Nigam Patel	460840	42200	NIL	503040
Rakesh Rawat	700496	NIL	NIL	700496

Note:

- Nikhil Chaturvedi had transferred 30000 shares to Diva S. Raheja on 05.04.2001 and had acquired 19200 shares by way of transfer from Salil Chaturvedi (11800 shares) and Akhil Chaturvedi (7400 shares) on 25.09.2001.
- Salil Chaturvedi had, on 05.04.2001 transferred 30000 shares to Gayatri S. Raheja and on 25.09.2001 transferred 11800 shares to Nikhil Chaturvedi.
- Akhil Chaturvedi had, on 25.09.2001 transferred 50800 shares to Nikhil Chaturvedi (7400 shares) Deep Gupta (1200 shares) and Nigam Patel (42200 shares).
- Deep Gupta had, on 25.09.2001 acquired 1300 shares from Akhil Chaturvedi (1200 shares) and Dhiraj Gupta (100 shares).
- Nigam Patel had, on 25.09.2001 acquired 42200 shares from Akhil Chaturvedi by way of Transfer.

Lock in of Minimum Promoters Contribution

Name	Date of allotment	Consideration	No. of Shares	Face Value	Issue Price	% of post issue	lock in period
Nikhil Chaturvedi	01.02.2005	Bonus	900000	10	NA	5.56%	3 years
Salil Chaturvedi	01.02.2005	Bonus	900000	10	NA	5.56%	3 years
Akhil Chaturvedi	01.02.2005	Bonus	250000	10	NA	1.54%	3 years
Deep Gupta	01.02.2005	Bonus	600000	10	NA	3.70%	3 years
Nigam Patel	01.02.2005	Bonus	250000	10	NA	1.54%	3 years
Rakesh Rawat	01.02.2005	Bonus	339522	10	NA	2.10%	3 years
Total			3239522			20.00%	3 years

The above promoters have vide their letter dated March 29, 2005 given their consent for lock in as stated above. Shares issued last shall be locked in first. The entire pre-issue capital, other than that locked in as minimum promoters contribution shall be locked in for a period of one year from the date of allotment.

The Promoter, Promoter Group or the Directors have not purchased or sold any Equity Shares from the market during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI. However, there have been fresh allotments made to the promoter and the promoter group. For details, please refer to note no. [•]

c. Pre-issue & post-issue shareholding pattern:

Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
Promoters				
Nikhil Chaturvedi	1705136	14.04%	1705136	10.53%
Salil Chaturvedi	1650416	13.59%	1650416	10.19%
Akhil Chaturvedi	503040	4.14%	503040	3.11%
Deep Gupta	962736	7.92%	962736	5.94%
Nigam Patel	503040	4.14%	503040	3.11%
Rakesh Rawat	700496	5.77%	700496	4.32%
Sub-total (a)	6024864	49.60%	6024864	37.20%
Promoter Group				
Individuals				
Anisha Chaturvedi	28845	0.24%	28845	0.18%
Veena Gupta	18000	0.15%	18000	0.11%
Virendra Chhabra	13460	0.11%	13460	0.08%
Bala Chhabra	13460	0.11%	13460	0.08%
Sushant Chhabra	13460	0.11%	13460	0.08%
Vandana Vaidh	500	0.01%	500	0.01%
Sub-total (b)	87725	0.72%	87725	0.54%
Group Companies				
Floro Mercantile Pvt. Ltd.	1248000	10.27%	1248000	7.70%
Topspeed Trading Pvt. Ltd.	960000	7.90%	960000	5.93%
Sub-total (c)	2208000	18.17%	2208000	13.63%
Promoter Group,s Total Shareholding [(a)+(b)+(c)] - (A)	8320589	68.49%	8320589	51.12%
Others	3827617	31.51%	-----	-----
Public and Others	-----	-----	7877019	48.63%
Sub total (B)	3827617	31.51%	7877019	48.63%
Grand Total [(A)+(B)]	12148206	100.00%	16197608	100.00%

d. Buyback and Standby arrangement

There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by the Company, its Promoters, Directors, or Lead Managers for the Equity Shares offered through this Draft Red Herring Prospectus.

e. The Company has not raised any bridge loan against the proceeds of this Issue.

f. The Equity Shares offered through this public issue will be fully paid up.

g. In this Issue, in case of over-subscription in all categories, mandatory 50% of the Net Issue to the Public shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under subscription, if any, other than in the QIB category shall be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs. In case the allotment to QIBs works out to less than 50% of the Net Issue to the Public, the entire bid amount/ subscription money shall be refunded.

h. Top ten shareholders as on date of filing of the DRHP with SEBI i.e. as on April 6, 2005

Name	No. of Shares
Nikhil Chaturvedi	1705136
Salil Chaturvedi	1650416
Floro Mercantile Pvt. Ltd.	1248000
Deep Gupta	962736
Topspeed Trading Co. Pvt. Ltd.,	960000
Rakesh Rawat	700496
Mr. Rakesh Jhunjunwala	600000
Akhil Chaturvedi	503040
Nigam Patel	503040
Bennett, Coleman & Co. Ltd.,	500000
Total	9332864

Mr. Rakesh Jhunjunwala individually holds 1,20,000 shares and 4,80,000 jointly with Mrs. Rekha Jhunjunwala as partners of Rare Investment, a partnership concern where Mr. Rakesh Jhunjunwala & Mrs. Rekha Jhunjunwala are partners.

(to be updated at the time of filing the Red Herring Prospectus with the RoC)

Top ten shareholders 10 days prior to the date of filing of the DRHP with SEBI i.e. as on March 27, 2005

Name	Shares
Nikhil Chaturvedi	1705136
Salil Chaturvedi	1650416
Floro Mercantile Pvt. Ltd.	1248000
Deep Gupta	962736
Topspeed Trading Co. Pvt. Ltd.,	960000
Rakesh Rawat	700496
Mr. Rakesh Jhunjunwala	600000
Akhil Chaturvedi	503040
Nigam Patel	503040
Bennett, Coleman & Co. Ltd.,	500000
Total	9332864

(to be updated at the time of filing the Red Herring Prospectus with the RoC)

Mr. Rakesh Jhunjunwala individually holds 1,20,000 shares and 4,80,000 jointly with Mrs. Rekha Jhunjunwala as partners of Rare Investment, a partnership concern where Mr. Rakesh Jhunjunwala & Mrs. Rekha Jhunjunwala are partners.

Top ten shareholders as on two years prior to the date of filing of the DRHP with SEBI i.e. as on April 6, 2003*

Name	No. of Shares
Floro Mercantile Pvt. Ltd.	690000
Nikhil Chaturvedi	389200
Salil Chaturvedi	389200
Ferani Hotels Pvt. Ltd.	365860
Akhil Chaturvedi	157200
Deep Gupta	157200
Nigam Patel	157200

Divya Raheja	30000
Gayatri Raheja	30000
Total	2365860

* there were only nine shareholders as on April 6, 2003

(to be updated at the time of filing the Red Herring Prospectus with the RoC)

- i. As of the date of the Draft Red Herring Prospectus, there are no outstanding financial instruments or any other right, which would entitle the existing Promoter or shareholders, or any other person any option to receive Equity Shares after the offering. The company does not have any outstanding ESOP.

j. Shares Issued for consideration other than cash

On February 01, 2005, the company has issued 70,57,886 bonus shares in the ratio of 11 shares for every 5 shares held in the Company by capitalization of Rs. 705.79 lakh from the free Reserves

- k. The shares held by persons other than the Promoters, prior to the Issue, which are locked-in may be transferred to any other person holding shares which are locked in subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- l. The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares may be transferred amongst Promoter/Promoter group or to a new Promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- m. The Company has not issued any shares out of revaluation reserves.
- n. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.
- o. 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 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.
- p. 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 SEBI from time to time.
- q. No single applicant can make an application for number of shares, which exceeds the number of shares offered.
- r. The company has 131 shareholders as on the date of filing this Offer Document with the SEBI (i.e. as on April 6, 2005).

s. Shares issued in the last one year

Name	Date	No of Shares		Reason
Promoter*				
Nikhil Chaturvedi	*	1272236	*	*
Salil Chaturvedi	*	1234616	*	*
Akhil Chaturvedi	*	345840	*	*
Deep Gupta	*	761836	*	*
Nigam Patel	*	345840	*	*
Rakesh Rawat	*	681496	*	*
Promoter Group				
Anisha Chaturvedi	09.03.2005	28845	104.00	Preferential allotment to promoter group
Veena Gupta	12.03.2005	18000	104.00	Preferential allotment to promoter group

Virendra Chhabra	09.03.2005	13460	104.00	Preferential allotment to promoter group
Bala Chhabra	09.03.2005	13460	104.00	Preferential allotment to promoter group
Sushant Chhabra	09.03.2005	13460	104.00	Preferential allotment to promoter group
Vandana Vaidh	12.03.2005	500	104.00	Preferential allotment to promoter group
Floro Mercantile Pvt. Ltd.	01.02.2005	858000	-	Bonus Issue
Topspeed Trading Pvt. Ltd.	01.02.2005	660000	-	Bonus Issue
Others	-	3401757	At various price	Preferential Allotment to Others
Total		9649346		

* For details of allotment to Promoters in the last one year please refer to Note (b) above

- t. There are restrictive covenants in the agreements that the Company has entered into with certain banks and financial institutions for short-term loans and long-term borrowings. Some of these restrictive covenants require the prior permission of the said banks/financial institutions for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, transfer change in the key personnel, change in the constitutional documents and the right to appoint a nominee director on the Board of Directors of the Company upon an event of default.

VI. OBJECTS OF THE ISSUE

The net proceeds from the Issue after deducting underwriting Commission and management fees, brokerage; fees to various advisors and all other Issue related expenses are estimated at Rs [•] lacs. The proceeds from the Issue of shares are intended to be deployed for:

- Funding the capex required for expansion of its branded stores chain in India;
- To expand the existing garment manufacturing facilities and product design and development centre;
- To meet the working capital requirements;
- To meet the expenses of this Issue.

The other object of the issue is to get the shares listed on the Stock Exchanges and to provide liquidity to our existing investors.

The main objects clause and objects incidental or ancillary to 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 by the Company, through the Issue.

Fund Requirements:

Particulars	Amount (Rs. Lacs)
Expansion of its branded stores chain	2816.10
Expand the existing garment manufacturing facilities and product design and development centre	657.61
Working Capital Margin	1729.01
Expenses of the Issues	[•]
Total funds	[•]

1) Expansion of branded store chain:

The Company intends to extend its branded store network through the expansion of its branded stores (Provogue Studio). At present, the company has 40 branded stores in sixteen cities. In addition, they also deliver our products through National Chain Stores & Multi Brand Outlets.

Investment in the branded stores serves two purposes. First, it meets the need for growth as the market expands and second it helps to get higher margins, which are significantly higher than those from other channels. In addition, the diverse set of channels minimizes distribution risk.

The Company intends to open 40 new small studios (Provogue Studios) and 21 larger format stores (Provogue Megastores) over a period of two years. The small studios shall have an average area of 1100 sq feet and megastores shall have an average area of 5000 sq ft. The cost of interiors is estimated at the rate of Rs.1200/- per sq foot and the deposits have been estimated at six months rent. Rent has been assumed @ Rs. 115 per sq. foot per month. The total capex for setting up the chain is estimated at Rs. 2816.10 lacs, which is as follows:

Particulars	Amount ins Rs. Lacs
Interiors	1788.00
Deposit	1028.10
Total	2816.10

Break up of Cost of Interiors per sq. feet.

COST HEAD	Rs.
Civil Work - Renovation of Store Flooring, Painting, False ceiling, Etc.,	300.00
Interior - Furniture & Fixtures Racks, Counter, Trial room, Glasses, Sign Board, Air Conditioners, Chairs,	700.00
Computer Hardware & Utility items Computer, Printer, Music System, Etc.	100.00
Miscellaneous & Contingencies	100.00

Total Cost Per Sq. Ft towards Interior Cost	1200.00
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Year Wise break

FY	2006	2007	Total
Interiors			
No. of Provogue Studios (a)	20	20	40
No. of Provogue Megastores (b)	6	15	21
Area sq. feet ((a)*1100+(b)*5000) (c)	52000	97000	149000
(Rs. In Lacs)			
Total cost of Interiors @ 1200 per sq. feet	624.00	1164.00	1788.00
Deposits ((c)*115*6)	358.80	669.30	1028.10
Total	982.80	1833.30	2816.10

The Company has finalised the following premises for its branded store chain:

Sr. No	Store Name	Area (Sq. feet)	Type of Arrangement*
1.	Treasure Island, Indore	974	MOU
2.	GVK, Secundarabad	1042	MOU
3	Cross River Mall, Delhi	1562	MOU
4	Central, Pune	615	MOU
5	KB Mall, Mumbai	1296	LOI
6	Infinity, Mumbai	1652	Lease Agreement
7	Cannaught Place	2400	MOU
8	City Mall, Bangalore	2955	LOI
9	Koramangala, Bangalore	7505	LOI
10	Ansal Plaza, Ludhiana	2299	LOI
11	Sigma Mall, Bangalore	2982	MOU
12	Pacific Taj, Agra	1134	LOI
13	Jayanagar, Bangalore	650	Agreement
14	CG Road, Ahmedabad		**
15	Shipra Mall, Ghaziabad		**
16	Cineplex Mall, Mangalore		**
17	Kakade Magnum Mall, Pune		**

* The various arrangements as indicated against each Store name are already in place.

**The company has already made token payment and finalized the stores. Agreement shall be executed in due course

The average rentals, per square foot per month, in case of the above properties work out to about Rs. 107 per sq. foot per month. The management feels that an estimate of Rs. 115 per month per sq. foot for properties to be acquired over the next two years is reasonable. The premises for the remaining studios are in the process of being identified and will be identified and formalized in the due course.

2) To expand the existing garment manufacturing and product development facilities

Particulars	Rs. In Lacs
Manufacturing Facility	254.71
Product development facilities	402.90
Total	657.61

(a) Manufacturing Facilities

We currently have manufacturing capacity of 2000 garments per day at Daman. Our current requirements of trousers are being outsourced. The trousers procured are branded and distributed through our delivery channels. We propose to set up a trouser manufacturing unit at Daman. Apart from setting up the trouser plant, we also intend to add new machinery to the existing shirt manufacturing facility to enhance our production capacity. The machinery for the shirt manufacturing facility has been identified which can provide an addition of more than 1000 units of shirts per day. With the present expansion, we expect our shirt manufacturing capacity to increase from 2000 units per day to 3000 units per day. The capacity of trouser proposed to be added is 1000 units per day. The cost of setting up these facilities are:

Particulars	Amount (Rs. Lacs)
Premises	88.00
Plant & Machinery	166.71
Total	254.71

Premises:

The Company has entered into an Agreement for Sale dated March 29, 2005 for the purchase of premises admeasuring 996.5 sq. mtr. from Acme Exports, a Group Concern at a total consideration of Rs. 98 lacs for which the entire consideration has been paid by the Company on March 11, 2005. The sale deed in respect of the same is yet to be executed.

In addition to the above, the Company proposes to acquire additional premises admeasuring approximately 6000 sq. feet in the vicinity of the above premises.

Particulars	Amount (Rs. Lacs)
6000 sq. ft premises at the rate of Rs. 1,100/- per sq. ft	66.00
Contingencies and Other Costs	20.00
Total	88.00

(Source: Estimates of the Company)

Plant & Machinery:

The cost of plant & machinery is as follows:

Trouser Plant:

The Company has placed the order for the machinery required for its trouser plant. The total cost of the machinery is Rs. 80.36 lacs.

Trouser Plant summary sheet

Department	Types	Total Value in Rs. Lacs
Preparation Dept	Blindstitch Bottom Loop Making machine, Continuous Fusing machine, Band Knife Cutting machine	8.94
Stitching Dept	Tandem Needle Chainstitch, Single Needle Chainstitch, Two Needle Chainstitch, Trouser Seam Opening machine	4.54
Special Process Machinery	Blindstitch Bottom Hemming, Pinpoint Stitching machine, Bartacking machine, Pocket Welting machine, Eyelet Buttonhole machine, Button Stitch machine, Shadow Stitch machine	28.82
Finishing & Quality enhancement	Legger Press, Trouser Top Pressing	30.74
Sub Total		73.05
Add: Taxes at 10%		7.31

Total	80.36
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Implementation Schedule

Sr. No	Particulars	Commencement	Completion
1)	Setting up additional capacity	May 2005	August 2005
2)	Production	September 2005	

Plant & Machinery for Shirt Manufacturing

The estimates for the shirt manufacturing facility has been prepared by the Company on the basis of the quotations received from Technik India (Apparel) Pvt. Ltd. vide their quotation no. TIA: P: 3450:04/05 dated 11.01.2005. The details of the quotation are as follows:

S. No.	Brief Description of equipment	Quantity	Unit Price (USD)	Total Price (USD)	Total Price (Rs. In Lacs)
1	500 A: Pattern Cutter Machine	1	2400	2400	1.06
2	B778: Pattern (Former) Sewing Machine with side cutter	6	10300	61800	27.19
3	SMC 2000: Placket fusing, stitching and attaching machine	3	10900	32700	14.39
4	SM 4000 C/2: Placket cutting and rolling machine	2	2480	4960	2.18
5	DY 400: Multi- function mini fusing press with pocket folder	3	3600	10800	4.75
6	SJ 1000 A: Collar trimming, turning and blocking machine	3	4900	14700	6.47
7	DY 1000 A: Cuff turning and blocking machine	3	3600	10800	4.75
8	MO 900B: Label attaching machine	2	6400	12800	5.63
	Sub total			150960	66.42
	Taxes & freight				19.93
	Total Cost				86.35

* Conversion rate is Rs. 44 per USD.

** The orders have been placed for all the machines other than the ones mentioned under subhead 3 and 4.

(b) Design & product development facilities:

The Company has been positioned as a manufacturer of fashion garments. In order to maintain it's positioning, the Company needs to invest continuously in the designing and development of new products. Currently the Company uses a combination of the following

- A team of designers
- Outsourcing of various aspects of product development, testing and sourcing of fabrics and trims (Trims are accessories that go into a garment).

The Company proposes to set up independent product design and development facilities. Such facility will include:

1. Sampling machineries for developing proto types
2. Product catalogues and library
3. An industrial washing machine for various post manufacturing processes
4. A training center for skill enhancement of in-house designers

The company will also acquire certain machinery and equipment to enable superior research and development activities. The total cost of setting up the new design and product development studio is projected as Rs 402.90 lacs made up as follows:

S.No	Particulars	Rs. Lacs
1	Building	250.00
2	Machinery	85.00
3	Office Equipment	20.00

3	Training	25.00
4	Hardware & Software	18.00
5	Industrial washing machine	4.90
	Total	402.90

Building: The Company proposes to set up its design studio at Mumbai. The cost of the premises is estimated as follows:

Particulars	Amount (Rs. Lacs)
6000 sq. ft premises at the rate of Rs. 3750/- per sq. ft	225.00
Other Costs	25.00
Total	250.00

The details of the machinery specified above is as follows:

Department	Types	Total Value in Rs. Lacs
CAD/CAM	CAD CAM machine, Direct Printing machine	48.15
Preparation Dept	Fusing machine	1.23
Stitching Dept	Stitching machine	4.85
Special Process Machinery	Overlock machine, Flatlock machine, Button Stitching machine, Button Hole machine, Zig Zag Stitching machine, Bartack machine, Feed Off Arm machine, Double Needle machine, Saddle Stitch machine, Picotting machine, Blind Stitch machine, Baby Overlock machine, Embroidery machine, Pintuck machine	23.04
Sub Total		77.27
Add: Installation cost at 10%		7.73
Total		85.00

The above quotations have been received from India Industrial Garments Machine Pvt. Ltd. vide their quotation no. BBY 1212, HTBBY 1214 and HTBBY 1213 dated 13.03.2005

Implementation Schedule

Sr. No	Particulars	Commencement	Completion
1)	Setting up additional capacity	May 2005	August 2005
2)	Design & Development	September 2005	January 2006

Manufacturing

Land and Building: The Company proposes to identify the premises and sign up for the trouser plant by May 2005.

Plant and Machinery: The Company has already identified the machinery and the suppliers. Quotations have been received and the negotiations are on with the suppliers.

Commercial Production: Commercial production shall commence from September 2005.

Product Design & Development:

Premises : The Company proposes to sign up for the product design and development centre by November 2005.

Equipment and Machinery: The Company is still to invite quotations depending on the finalisation of the premises.

3) Working Capital Margin:

The working capital requirement has been calculated on the basis of additional working capital required over a period of next two-years. Inventories of Raw Material (RM), Work in Progress (WIP) and Finished Goods (FG) have been taken at various levels, which is in consonance with the industry practice and past trends. We have taken different levels of RM, WIP and FG for our domestic and export businesses as given in the table below.

Particulars	Domestic Market	Export Market
Raw Material & Work in Progress	90 days	30 days
Finished Goods	180 days	30 days
Debtors	75 days	90 days
Creditors	70 days	60 days

Addition over the next two years

Current Assets	Rs. In lacs
Stock of RM, WIP & FG	4341.20
Debtors	1906.38
Total Current Assets	6247.58
Current Liabilities & Provisions	
Sundry Creditors for goods	1076.46
Sundry Creditors for expenses	231.09
Total	1307.55
Additional Net Current Assets	4940.03
Additional Working Capital Margin @ 30%	1729.01

All the above projections are based on management estimate and have not been appraised by any bank.

- 4) **Expenses of this Issue:** The expenses for this Issue includes underwriting and management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. [•] lacs being, which will be paid by the Company.

Sr. No.	Particulars	Amount Rs. Lacs
1	Book Running Lead Managers fees	[•]
2	Registrar to the Issue	[•]
3	Advisors to the Issue	[•]
4	Offer Stationery	[•]
5	Advertising Expenses	[•]
6	Brokerage and selling Commission	[•]
7	Legal Fees	[•]
8	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[•]
9	Contingencies	[•]
	Total	[•]

Means of Finance:

Particulars	Amount (Rs. Lacs)
Initial Public Offering	[•]
Total funds	

The entire requirement of the funds is proposed to be funded through IPO. In case of shortfall, if any, the same shall be met out of internal accruals. Excess money, if any, will be utilized for general corporate purpose including but not restricted to repayment of loans. The project has not been appraised by external agencies and as such all the fund requirements are based on management estimate.

Interim Use of Funds:

Pending utilization of funds as stated above, we intend to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by our Board or a duly authorised committee thereof.

BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

BASIS FOR ISSUE PRICE

[to be updated for March 2005 figures]

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

Investors should read the following summary with the Risk Factors included from page number [●] to [●] and the details about the Company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

1. The brand is well established in the market
2. The products are well accepted by the consumers and the company is investing in design and product development to further enhance the product attributes
3. The Promoters are qualified, well versed, have wide experience in this area of business and have a long term vision and passion for the business
4. The business operates in high growth markets both in domestic RTW segment and in the textile exports sector, which will also enjoy a fillip from the liberalization of the quotas following the WTO 2005 initiative on textiles
5. The distribution network model has been proven and is scalable and the present development of retail infrastructure in India including shopping malls will ease the company's ability to roll out more stores
6. The business mix between branded apparel for India combined with textile exports reduces the cyclicity and provides for smooth cash flows

Quantitative Factors

1. Earning Per Share (EPS)

(as adjusted for changes in capital)

Year	EPS (Rs.)	Weight
30.09.03	4.06	1
31.03.04**	3.19	2
30.09.04**	6.67	3
Weighted Average	5.08	

** The ratios are annualised

Note:

- a. Earning per share (EPS) is calculated after adjusting for 7057886 bonus shares issued, vide resolution passed at the extra ordinary general meeting held on 1st February, 2005, with retrospective effect as provided in Accounting Standard (AS -20) – Earning

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]

Based on half yearly results of FY 2005 adjusted EPS of Rs. 6.67 (annualized) on Equity Share of face value of Rs. 10 each [●]

3. Return on Net Worth (RONW)

Year	RONW %	Weight
30.09.03	37.20	1
31.03.04**	11.94	2
30.09.04**	15.83	3

Weighted Average	18.10
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** The ratios are annualised

Note:

- a. The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/regroupings pertaining to earlier years.

4 Minimum Return on Increased Net Worth to maintain pre-issue EPS - [●]

5 Net Asset Value (NAV) per share

- | | | |
|----|------------------------------|-----------|
| a. | NAV as on September 30, 2004 | Rs. 21.14 |
| b. | Issue Price | [●] |
| c. | NAV after the Issue | [●] |

Note:

Net Asset Value Per Share = Equity Share Capital *plus* Reserves & Surplus *less* Miscellaneous Expenditure to the extent not written off /No. of Equity Shares

6. Comparison with Peer Group

Provogue (India) Limited is in the business of manufacture, branding and distribution of readymade garments, accessories and exports of textile fabrics, chemicals and textile machineries. There are no comparable listed companies and hence comparison with peer group is not given.

7. The face value of Equity Shares of PIL is Rs. 10 and the issue price is [●] time of the face value.

The Issue Price of Rs. [●] has been determined by the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

TAX BENEFITS

The auditors for the company are **Singrodia Goyal & Co.**, Chartered Accountants who vide letter dated March 17, 2005 have stated the possible tax benefits available to Provogue (India) Limited (Formerly known as Acme Clothing Private Limited) (the "Company") and its shareholders under the current tax laws presently in force in India. They have stated that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. Their statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. The auditors do not express any opinion or provide any assurance as to whether:

- (i) the Company or its share holders will continue to obtain these benefits in future; or
- (ii) the condition prescribed for availing the benefits have been / would be met with.

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

Statement of possible tax benefits available to M/s Provogue (India) Limited and to its Shareholders.

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to M/s Provogue (India) Limited and its shareholders.

Benefits available to the Company Under the Income Tax Act, 1961.

1. Under Section 10(34) of the Act, dividend income (whether interim or final) in the hands of the company as distributed or paid by any other Company on or after April 1, 2003 is completely exempt from tax in the hands of the Company.
2. As per the provisions of Section 112(1)(b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
3. Long term capital gain arising from transfer of an 'eligible Equity Share' in a Company Purchased on or after the 1st day of March, 2003 and before the 1st day of March, 2004 (both days inclusive) and held for a period of 12 months or more is exempt from tax under section 10(36) of the Act.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
5. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and section 10 (38)) if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
7. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units (not covered by section 10(36) and

section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

8. The company has set up a manufacturing unit for the manufacture of readymade garments at Daman (U.T.), a backward state specified in the Eighth Schedule to the Income Tax Act, 1961, during the financial year 2003-04. The above unit is fulfilling all the conditions prescribed under sub section 4 of section 80IB of the Income Tax Act for initial eligibility for deduction. Accordingly, subject to fulfillment of other regular conditions, the company is eligible for a deduction equal to 100% of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year i.e. AY 2004-05 and thereafter equal to 30% of the profits and gains derived from such industrial undertaking for next five assessment years

Benefits available to the company under the Central Sales Tax Act, 1956

1. In accordance with and subject to the provisions of sub section 4 of section of the Central Sales Tax Act, 1956 and vide notification no. DNH/CST/35/1935 dated 05/02/2003 issued by the Dadra and Nagar haveli Gazette, the company is entitled for sales tax exemption on sales effected during interstate trade or commerce to a registered dealer or the Government, of goods manufactured, processed or assembled in the Union Territory of Dadra and Nagar Haveli upto December 31, 2017 or for a period of 15 years from the date of first sale or from the date of first consignment/ branch transfer of goods manufactured, processed or assembled by such industry on or after its registration under the Central Sales Tax Act, 1956, whichever is earlier.

Benefits available to Resident Shareholders under the Income Tax Act, 1961

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. Under section 10(32) of the Act, any income of minor children clubbed with the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of Rs. 1500/- per minor child.
3. As per the provisions of Section 112(1)(b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction tax.
5. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Share' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
8. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

9. In accordance with and subject to the conditions and to the extent specified the Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their assets being listed securities or units (not covered by sections 10(36) and 10(38)), to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
10. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

Benefits available to Non-Resident Indian Shareholders

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. In accordance with the provisions of Section 10(32) of the Act, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child per year.
3. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the Act, long term capital gains arising from the transfer of an Indian company's shares (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.
4. In case of a shareholder being a non-resident India, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the Act, the non-resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.
5. In accordance with the provisions of Section 115G of the Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
6. In accordance with the provisions of Section 115H of the Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
7. As per the provisions of section 115 I of the /Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
8. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed in either case.
9. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

10. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
11. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
12. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Shares' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
13. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.
14. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholder would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
15. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
16. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

Benefits available to other Non-residents

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. In accordance with the provisions of Section 10(32) of the Act, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs.1500 per minor child per year.
3. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the Act, tax on long term capital gains arising on sale of listed securities or units before 1st October 2004 will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

5. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Share' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
8. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
9. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
10. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
11. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.

Benefits available to Foreign Institutional Investors ('FII')

1. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However short term capital gains on sale of Equity Shares of a company through a recognised stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 10% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.
2. As per the provision of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.
3. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Share' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

5. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
6. In accordance with and subject to the conditions and to the extent specified in /section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10 (36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.
7. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax (not covered by sections 10 (36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

Benefits available to Mutual Funds

1. In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Benefits available to Venture Capital Companies /Funds

1. In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

Benefits available under the Wealth Tax Act, 1957

1. As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

Benefits available under the Gift Tax Act

1. Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

Note:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2004.
2. All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.

However, a shareholder is advised to consider in his / her / its own case. The tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

D. ABOUT THE ISSUER

Provogue (India) Ltd operates in two core industry segments. The first business is designing, manufacturing and selling of branded ready-made garments and other accessories under the brand “Provogue” which has been positioned as a fashion label in the Indian domestic market. A major portion of apparel garments is manufactured at an in-house plant at Daman (UT), India, with the remaining garments and accessories being outsourced. Distribution is managed through a mix of own branded stores and a network of national chain stores and single owner MBO's (multi brand outlets).

The second business is that of Exports where we export finished fabrics dyestuffs, chemicals and textile machinery to several markets in the African continent. All these products are sourced from various suppliers and we are registered as an “Export House” by the Government of India.

I. INDUSTRY OVERVIEW

India's Branded Fashion Industry

The Indian Apparel Market

The apparel sector is structurally a labour intensive, low wage industry with some differences across its market segments. In the high-quality fashion market, the industry is characterized by modern technology, relatively well-paid workers and designers and a high degree of flexibility. The competitive advantage of firms in this market segment is related to the ability to produce designs that captures tastes and preferences, and even better – influence such tastes and preferences in addition to cost effectiveness.

The total clothing market in India is estimated at around Rs 78,000 Crores (source: Images/KSA Technopak 2004 Fashion Textiles Yearbook, published March 2005). This market universe comprises of all forms of clothing including school uniforms; and is still largely traditional wear with made-up garments produced by local tailors from cloth bought by the consumer.

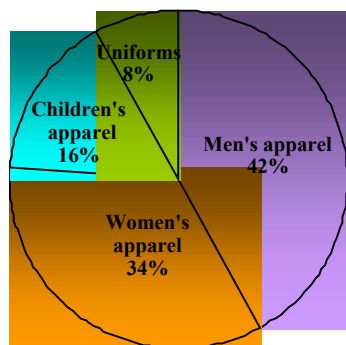
India's Apparel Market Size 2003 and 2004

Segment	2003	2004	Growth Rate
	Value (in Rs.Crore)	Value (in Rs.Crore)	
A) Core Segment			
Men's apparel	29195	32644	12%
Women's apparel	23268	26395	13%
Children's apparel	11428	12540	10%
Sub-total	63891	71579	12%
B) Others			
Uniforms	5511	6515	18%
TOTAL	69402	78094	13%

Source: Images/KSA Technopak 2004 Fashion Textiles Yearbook 2004, published March 2005

As can be seen from the table above, the overall Indian apparel market is growing at a rate of about 13% per annum in value terms driven by two main factors: population expansion and increasing purchasing power.

Indian Apparel Market Size



The core segment of the apparel market comprising of menswear, womenswear and childrenswear can be classified into the following two categories:

- The ready-to-stitch (RTS) segment, where the consumer is utilizing local tailors to make up garments from fabrics which they purchase themselves and
- The ready-to-wear (RTW) segment, where the consumer purchases a made-up apparel garment.

Development of India's Branded Ready-To-Wear apparel market

The RTW market is still undergoing development in India and this growth has accelerated over the past ten years in line with the economic development and change in lifestyles of the population.

In most other mature and developing countries RTW apparel is already the norm. The RTS segments in these countries are reserved for expensive tailored made clothing for the wealthy class. Even in China the RTW market has become the norm and very little local tailoring services exist as they still do in India. (*Source: KSA Technopak*)

Within this overall RTW segment, branded RTW apparel in India has been witnessing a higher growth compared to unbranded RTW segment, driven by the growth in disposable income and the expansion of organized retail infrastructure. We give below the proportion of branded vs. unbranded RTW apparel in India in 2004.

Category	Share of Branded (%)	Share of Unbranded (%)
Men	33%	67%
Women	22%	78%
Kids	10%	90%

Source: Images/KSA Technopak 2004 Fashion Textiles Yearbook 2004, published March 2005

Government Regulations

Over the years, the Government of India has taken many initiatives for the growth of the sector. Some of the measures taken by GOI are as given below:

- The productions of ready made garment is no longer reserved for small-scale industry.
- Gol has permitted foreign equity participation upto 100% in the sector through automatic route.
- The excise duty on RTW garments has been abolished.
- The value added tax is being implemented by various states, which will simplify the tax structure and reduce the tax burden on branded garment manufacturer.

Competition

There are about thirty major players operating in the branded apparel segment in India. The following ranking by number of outlets of the major brands was published by Images/KSA Technopak in March 2005.

Players	Brand	No. of outlets	Cities
Raymond Ltd	The Raymond Shop	300	135
Madura Garments Ltd	Peter England	198	50
Arvind Brands Ltd	Arrow	65	30+
Arvind Brands Ltd	Lee	63	37
Provogue India Ltd	Provogue	60	19
Madura Garments Ltd	Allen Solly	51	43
Levi Strauss India Pvt Ltd	Levi's	49	25
Personality Ltd	Weekender	49	32
ITC Group	Wills Lifestyle	42	33
Madura Garments Ltd	Planet Fashion	41	15
Arvind Brands Ltd	Wrangler	30	20
Gini & Jony Pvt Ltd	Gini & Jony	25	9
TCNS Clothing Pvt Ltd	W	22	NA
ITC Group	John Players	19	11
Madura Garments Ltd	Van Heusen	18	15
Raymonds Ltd	Be:	18	10
Madura Garments Ltd	Louis Phillipe	15	14

Madura Garments Ltd	Trouser Town	15	6
S Kumars Ltd	Reid & Taylor	14	NA
Span Clothing Pvt Ltd	Spykar	13	7
Madura Garments Ltd	SF Jeans	12	6
Royal Classic Mill Pvt Ltd	Classic Polo	9	6
Creative Edge Menswear Pvt Ltd	Denis Parker & Lagan	9	8
Pacific Clothing Pvt Ltd	Tuscan Verve	5	3
Kewal Kiran Enterprise	Killer	4	3
Arvind Morjani Brand Pvt Ltd	Tommy Hilfiger	3	2
Major Brand Pvt Ltd	Mango	2	2

* The existing table has been appended to the list of the manufacturing group to the printed list

Outlook

In summary the outlook for growth in branded apparel business in India is robust and the rates of growth of the past decade are forecast to continue for the next decade (*source Images/KSA Technopak March 2005*). If anything, growth might be expected to accelerate as more shopping mall locations come on stream and the youthful segment of the market, which is generally more apparel fashion conscious, gains earning power.

India's Textile Export Industry

Overview of Textile Exports from India

India's textile exports accounted for 20% of India's export portfolio in value terms in FY 2004 at US\$ 13 bn.

US\$ MM	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Readymade Garments	3676	3753	3876	4365	4765	5570	4994	5389	6048
Cotton Textiles	2638	3565	3485	2821	3107	3548	3044	3497	3478
Man-made Textiles	772	722	823	720	855	1095	1084	1364	1805
Others	1442	1515	1613	1643	1781	1885	1577	1833	1741

Source: Foreign Trade Statistics of India (PC&C), DGCIS, Kolkata

India's textile exports are expected to grow from the current levels to US\$ 50 bn by 2010, consequent to the quota removal. (*Source: New Textile Policy, 2000, Govt of India*).

Indian Textile Industry Characteristics

The Indian textile industry is made up of two main activities- the production of Raw Material (eg cotton, jute, silk, wool and man-made fibers) and the manufacturing of value added products such as yarns, fabrics and garments.

Raw Material Production

This can broadly be divided into three segments:

- Cotton Farming & Ginning Sector
- Other Natural Fibers (eg jute, silk)
- Synthetic & Man-made Fiber Industry (eg polyester, acrylic, nylon and viscose)

Textile Manufacturing

This comprises the following key sectors:

- Spinning Sector (yarn production)
- Weaving Sector (fabric production)
- Processing Sector (dyeing and finishing)
- Composite Mill Sector (vertical operations from yarn to finished fabric)

Today's Indian textile industry structure is fragmented with certain sectors such spinning being strong and areas such as processing being weaker and acting as bottlenecks to the industry's development.

A very small portion of the industry is organized through larger composite mills, and this segment has been in decline for about ten years as Government policy has favored the small-scale manufacture.

Because of the great diversity of activities involved, the grades of skills needed by the industry vary significantly from totally unskilled to highly skilled persons, cutting across caste, creed, religion, gender and experience i.e. a greatly diverse work force find employment in the industry.

Categories of players and customers

There are a large number of textile exporters in India varying in size from the large composite textile mills to smaller jobbers and traders. Both have a role in the industry.

India exports a host of textiles, garments and related products such as dyestuffs and chemicals and textile machinery.

Key drivers and success factors – The India Advantage

The WTO 2005 quota initiative has effectively opened up opportunities for India to develop further. The predominance of the small-scale sector provides India with the advantage of flexibility to produce small lots of customized fabrics, against competition from China, for example, where industry infrastructure is a lot more developed on large scale vertical models. India therefore has an advantage in developing niche export markets.

Outlook

India's textile export industry is undergoing refurbishment to take account of the new quota free regime and is poised to grow significantly over the next decade.

II. BUSINESS

OUR BUSINESS

Our company was set up in 1998 at Mumbai and has grown over the years as India's leading manufacturer and distributor of branded fashion ready-to-wear (RTW) garments. We are recognised as a pioneer of this segment and we remain not only the clear market leader in fashion wear but have consistently won Industry awards related to fashion and were recently awarded the 2005 Images Fashion Award for the most fashion forward brand in India.

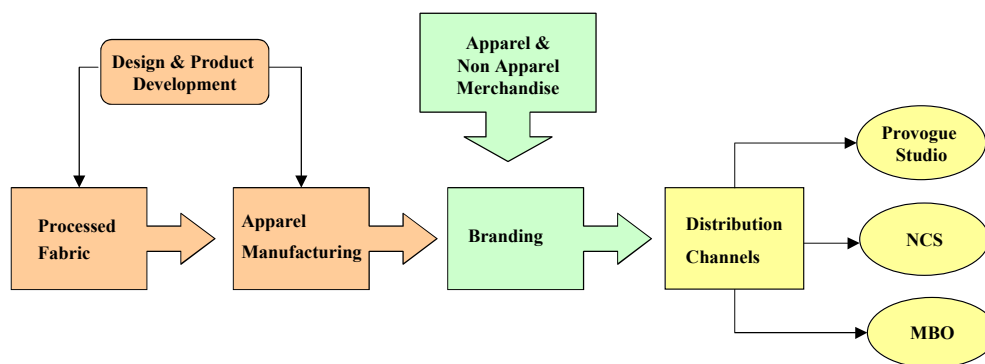
We are in the business of designing, manufacturing and selling of branded ready made garments and other accessories under the brand "Provogue" which has been positioned as a fashion label in the Indian market. A major portion of apparel garments is manufactured at an in-house plant at Daman (UT), India, with the remaining garments and accessories being outsourced. Our distribution channel comprises of a mix of own branded stores (Provogue Studio) and a network of national chain stores and Multi Brand Outlets (MBO).

We are registered as an "Export House" by the Government of India and are also in the business of Exports of finished fabrics, dyestuffs, chemicals and textile machinery to several markets in the African continent. All these products are sourced from various suppliers. The company acquired the export business by taking over the business of a group concern, Acme Global as a going concern w.e.f. 1st April 2004 for a total consideration of Rs. 28.4 Million.

Business Process for our Branded Business

Business process flows for our Branded business as given below and is supported by our customised Information Technology solutions.

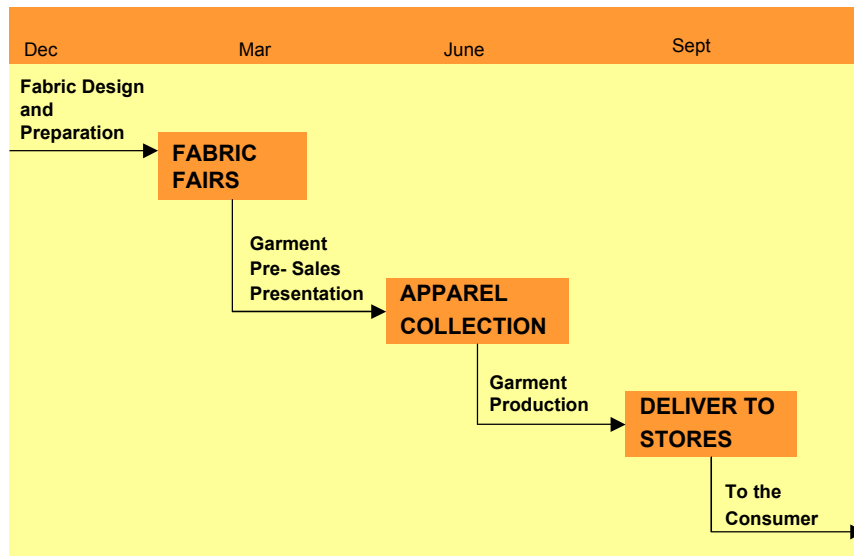
Business Process Flow Overview



Design and Product Development (DPD)

This function is at the heart of our business model. The Provogue brand has an established reputation as a fashion leader in India based on innovative design relevant to contemporary Indian tastes.

The following chart illustrates in broad terms the process, which is followed to develop the apparel collections.



This charts the progress of the winter collection, which is launched in August, and sold through the holiday season of Diwali, Christmas and the New Year. Fabrics are the starting point of the collection and will be developed by fabric mills from December through February. These fabrics are first reviewed during the global fabric fairs held in March when we select the fabric styles that meet our criteria for the season. Following fabric selection, a sample garment collection is produced from March to be reviewed in May. From this first presentation the final collection is designed and goes into production in June and July for launch in stores in August. A similar pattern is followed for the summer collection, which is launched in February.

Garment Manufacturing and Outsourcing

The Company has its own shirt manufacturing facility at Daman that was established in April 2003. This facility has the capacity to produce approximately 600,000 units per annum and it is entitled to Income Tax and Sales Tax exemptions. Prior to the establishment of this facility, Provogue outsourced all of its production.

Currently, this unit is being used exclusively for the manufacture of shirts and ladies' tops. However, it has been designed in such a manner that the other products such as shorts and payjamas could also be manufactured with very minimal changes in the existing set up.

Our entire manufacturing operations at Daman are subject to strict quality control standards. Quality control for the entire manufacturing process, from the receipt of raw material to the dispatch of finished goods and is managed by a team of qualified and experienced professionals. Outsourced production undergoes the same quality control inspection by our own teams.

Brief description of the different steps in the manufacturing process is as follows:

Raw Material procurement and receipt

In order to ensure a quality product, it is important to select the right fabric. We have a team of skilled professionals who have experience in the field of procurement. The major Raw Materials, which are polyester based, are purchased in India from importers which source products from countries like China, Korea and Taiwan. Most of the cotton fabric is sourced from India itself. The purchased raw material, which includes fabrics and accessories are sent to the manufacturing unit at Daman.

Fabric Checking

After the fabric is selected, the focus is on physically checking the fabric to check for both quality as well as quantity. This is done with the aid of machines that helps to visualise the extent of damage/waste in the fabrics. The fabrics are selected depending upon the specific quality norms, thereby ensuring that the fabrics match the specifications laid by the production/design department. Besides the fabrics, the accessories are also thoroughly checked for defects and damages.

Fabric Cutting and Garment Stitching

After the fabric is checked, it moves onto to the cutting department. As a first step, the fabric is laid on a table, which is eleven meters long. The fabric is then plotted with the help of GGT (Gerber Garment Technology) machinery as per the specifications of the design. The machine is a computer aided design system for consumption planning. The use of this system ensures that there is optimum usage of the fabric and thus the wastage is minimized. Once the plotting is completed, the fabric is cut with the help of cutting machines. The different parts of the shirt are now stickered for the purpose of identification of size and shade. This is also known as sorting of fabric. This sorted fabric is then bundled and sent for fusing of the three main parts namely collars, cuffs and plackets. The collars and cuffs are attached to the main part and the first stage is complete. Then the buttonholes are made and the buttons are attached. This is done with the help of specialised machinery. With this, the manufacturing process is complete. Now, the finishing process begins. The shirt is now checked manually for loose threads and, if any, the same is cut off. There is also a thread-sucking machine, which sucks of all the unwanted threads in the shirt.

Garment Checking

We, as a company, attach a high priority to Quality. All the products including the ones manufactured by us as well as the ones that are outsourced through vendors are checked for quality. To ensure that every piece manufactured is as per specification and the quality standards, there is a separate quality assurance department. This department is solely responsible for ensuring that all finished goods are free from defects and stitched as per measurement. This team compares the final product with the measurement chart and style chart given by the design department. Any variance beyond acceptable limits is rejected.

Garment Finishing

Immediately after the stitching is over, the garments are given finishing touch by customized ironing. Other processes such as tagging, attaching bar code labels, etc. are completed at this stage.

Garment Packing

In today's world quality is of utmost importance to satisfy the customers and it is equally important to deliver the garment in attractive packages that also protect the garment. We have been very particular about this and have professionals to take care of packing. The products are now sent to the Central Warehouse and are kept ready for distribution.

Garment Distribution

For the purpose of distribution, garments are arranged in accordance with the locations they have to be sent to and as per the specific requirements of every order. From the central warehouse at Daman the goods are sent to the various branch offices all over India. From the branch offices they are dispatched to the respective Studios, Multi Brand Outlets, and the National Chain Stores in the manner specified by them.

Merchandising:

Once the goods are ready at the warehouse, the merchandisers play an important role in their allocation to the retail outlets. The merchandisers decide as to which product has to reach which destination. Based on the Product Mix determined by the Buying Department, the Merchandising Department decides on the various available options and decides upon the number of Stock Keeping units (SKUs). They do this on the basis of historical records and past trends. We have computerized systems to collect, analyse and store the data on the past trends. The merchandisers also monitor the trends in the retail space and co-ordinate on the same with the Buying Department. They are responsible for Store Planning and Inventory Management. They monitor the level of stock across all the outlets. Depending upon the stock movement in the various outlets, they manage inventories across the retail space. They monitor SKUs across the retail outlets. Thus the merchandisers play an important role in the front end of retailing.

The Design, Buying, Merchandise and the Manufacturing Departments are closely linked and work in close co-ordination to ensure a perfect supply chain management.

Branding and Marketing

We have grown the apparel business from a strong branding and marketing foundation. In the seven years since the launch of Provogue, we have come to be acknowledged as a leading brand in our segment and are known for innovative and powerful marketing and advertising campaigns. While our marketing expenditures are in keeping with the norms for the apparel business, the consumer recall for the Provogue label is high because of the creative nature of our campaigns and its relevance to the Indian consumer.

Provogue is a brand designed for Indians by the Indians and reflects contemporary orientation and styles. The brand attributes that we have driven are:

- Bold and Iconic
- Style and Contemporary Fashion
- Innovative and Change

- First mover and Newsworthy

We have used well-known celebrities as brand ambassadors and for the past three years, a well-known Indian movie star, Fardeen Khan has been the brand ambassador for Provogue.

We use a range of tools to promote the brand. The new collections are launched and showcased through a series of fashion shows around the country that are creatively structured, and well publicized.

Besides, we use a variety of advertising media including the press, hoardings and magazines. We strongly believe in the efficacy of public relations and spend a great deal of effort by sponsoring selected events or programs that we believe will enhance the brand image. We have sponsored 'Provogue Society Young Achievers Award' function to honour young achievers in various fields of life such as media, art, sports etc. Such events were televised on leading channels such as Star Plus, Sony etc.

We design and price our garments and accessories to be affordable for the Indian mass mid-market. As standards of living improve, we are determined that Provogue should be a major player in this segment and that price should not be a barrier to choosing to wear a Provogue product.

Distribution Formats

Our products are sold through a chain of Provogue Studios, selective departmental/retail stores. Our distribution channel comprises of 40 exclusive Provogue Studios in addition to National Chain Stores such as Shoppers' Stop, Lifestyle, Piramyd, Globus, Westside, Pantaloon, Ebony and other Multi Brand Outlets (MBO) across the country.

Provogue Studios:

Under this format, we manage our own stores either directly or by entering into management contracts. These stores are called '*Provogue Studio*'. Currently, the Company has 40 studios across 19 cities in the country. Out of this 25 of these studios are located on high streets and 15 are located in various malls. The sizes of the studio range from 500 sq. ft. to 2000 sq. ft. with a total retail space of about 33123 sq. ft. (retail area) in place in March 2005. Under this format the sales are booked on a direct sales basis.

The number of studios is concentrated in logistically viable circles, so there are around 12 studios in the city of Mumbai. Apart from the 15 other cities in which we have a presence, we are targeting a broader reach of cities in the next phase of our growth to leverage our supply chain and marketing spends. The bulk of our branded apparel sales (approximately 56 %) is accounted or through the Provogue Studios.

The list of current Provogue Studios run directly by the Company is as follows:

S. No	City	Location	Carpet Area (Sq. ft.)
1.	Mumbai	Goregaon	350
2.	Mumbai	Runwal, Mulund	750
3.	Mumbai	Nirmal Lifestyle, Mulund	1000
4.	Mumbai	Lokhandwala Complex, Andheri	650
5.	Mumbai	Inorbit Malad	1100
6.	Mumbai	Thane	550
7.	Mumbai	Centre One, Vashi	926
8.	Mumbai	Phoenix Mills, Lower Parel	1661
9.	Mumbai	Borivali	900
10.	Mumbai	Irla	500
11.	Mumbai	Bandra	1000
12.	Mumbai	Colaba	950
13.	Pune	K K Bazaar	900
14.	Pune	Laxmi Road	560
15.	Nagpur	Kings Way	900
16.	Ahmedabad	Iscon Arcade	1800
17.	New Delhi	Greater Kailash	950
18.	New Delhi	Basant Lok	650
19.	New Delhi	Kamla Nagar	220
20.	Lucknow	Gomti Nagar	1174
21.	Lucknow	Hazrat Gunj	590
22.	Kanpur	Rave	1000
23.	Ranchi	Main Road	1000
24.	Jaipur	M I Road	1100
25.	Jaipur	Raja Park	853
26.	Jaipur	Crystal Mall	326
27.	Indore	M G Road	550
28.	Chandigarh	Fun Republic	450
29.	Chandigarh	Sector 21	880
30.	Dehra Dun	Rajpur road	800
31.	Ludhiana	Mall Road	600
32.	Noida	Sector 18	530
33.	Kolkata	Salt Lake	900
34.	Kolkata	Forum	841
35.	Hyderabad	OM	1165
36.	Hyderabad	Delta	800
37.	Chennai	Spencer Plaza	800
38.	Bangalore	Forum Mall	930
39.	Bangalore	Brigade Road	700
40.	Ghaziabad	EDM	817
		Total	33123

National Chain Stores (NCS):

These are the various departmental stores such as Shoppers Stop, Pantaloon, Piramyd, Westside, Globus, Lifestyle, Ebony etc. These chain stores allocate a specific space in their outlets for a particular brand on a 'shop-in-shop' basis. The space allocated and the location within the store depends upon the importance of the brand to the total portfolio of the departmental store. Provogue is a key anchor brand to most of the Departmental Stores because of its consistent performance in delivering not only the highest sales for a single brand but also the highest sales per square foot.

Under these formats, sales are affected either through direct sales, consignment basis or through sale-and-return basis. Around 35 % of our sales accrue through these NCS.

The list of NCS where the products of the Company are currently sold is as follows:

NCS	City
Shopper's Stop	Kolkatta (2)
	Bangalore (2)
	Delhi
	Jaipur
	Gurgaon
	Chennai
	Hyderabad
	Mumbai (Kandivli, Andheri, Chembur, Bandra, Mulund, Malad)
Piramyd	Mumbai
	Pune
	Nagpur
Westside	Ahmedabad
	Nagpur
	Delhi (Karolbaug, Lajpat Nagar)
	Kolkatta
	Noida
	Indore
Pantaloon	Kolkatta
	Hyderabad (Begum Peth, Himayat Nagar)
	Pune
	Baroda
	Chennai
Lifestyle	Mumbai (Mulund, Lower Parel, Malad)
	Chennai
	Gurgaon
	Hyderabad
	Bangalore
Globus	New Delhi
	Indore
	Mumbai
	Chennai
Ebony	Delhi (South Extension, Rajouri Gardens)
	Noida
	Haryana
Central	Hyderabad
	Bangalore

Multi Brand Outlets (MBOs):

These are the various stores, which have a local presence. These stores are popular in the specific cities or towns and such stores have on display a wide variety of brands. Example of the MBOs are Jade Blue, Sohumi Shoppe, etc. The sales under this format is either through consignment basis or through sales/return basis. Around 9 % of the sales come from the MBOs.

The maximum visibility for the Company's products is in the Provogue Studios, followed by the NCS and then by the MBOs. Hence the Company plans to increase its presence in the own studio format by opening up new studios in different cities across the country.

Export of textiles and related materials

We entered the business of textile exports in April 2004 by acquiring the business of Acme Global, a Government recognised Export House. Acme Global was a partnership firm with Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi, Mr. Deep Gupta and Mr. Rakesh Rawat as its partners.

Acme Global was originally established in the year 2000 and is presently in the business of exporting textile fabrics and providing solutions to overseas customers for the supply of dyes, chemicals and related machinery for fabric processing. Acme Global was awarded 'Export House Status' by the Ministry of Commerce in its 2nd year of operation based on its high growth performance.

The bulk of our turnover in this business at present comes from the export of griegie (unfinished) and finished fabrics, while dyes, chemicals and textile machinery constitute 10-15 % of the total export turnover.

Our export business division has differentiated itself from its competitors due to its superior printed designs, all of which are developed in-house, and its ability to provide turnkey solutions on fabric processing to its overseas customers. All these factors combined have helped us to build competitive advantage over other exporters from India and other countries.

Our sales growth in this business is exceptionally high at and is currently 100% per annum. Although net margins are a lot lower than the branded apparel business, this revenue generation is of value to our cash flow as a group and we believe that we can still grow our existing business for the next several years and build a similar market in Europe and the Americas starting in 2006. The new quota-free regime under the WTO 2005 accord, which became effective on 1st January 2005, will aid in accelerating the growth of this business segment.

All the production of this business is outsourced at present but we drive the value addition through our own design and customized dyes, chemicals and machinery solutions tailored to the needs of specific customers.

We operate our own warehousing, quality control, packing and distribution facility at a location in Tarapur, Maharashtra State.

Manufacturing Facilities

Daman Plant

Our manufacturing facility is located in the Union territory of Daman and has an area of 1066.5 sq.mts. Its manufacturing capacity is approximately 6 lakhs pieces per annum. Currently, on an average, the capacity utilization is at 90 %. We have an Income Tax exemption up to March 2008 and Sales Tax exemption till 2017 for this facility.

Warehousing unit at Tarapur

The warehousing facility of our Company is located at Tarapur, where fabric checking and packing takes place. Once the goods are complete, orders are loaded into containers at loading docks and dispatched. The area of this facility is around 3010 sq.mts and it is fully equipped and staffed to deal with any packing and distribution requirements of our fabric export business.

Machinery

Daman Plant

Our factory has more than 200 machines comprising of basic cutting machines, stitching/sewing machines and special operation machines, support equipments such as boiler, DG set etc.

Warehousing unit at Tarapur

We have three Bale packing machines at our Tarapur unit. These machines are used for the packaging of fabrics ready for shipment.

Utilities

1. Power

Daman Plant

We have made the necessary arrangements for the purpose of power supply. The electricity department at Daman has sanctioned the power supply of 15HP vide its letter dated 20th March 2002. Further, the Department has conveyed the release of additional power connections with a connected load of 75 HP/KW.

Warehousing unit at Tarapur

The packaging unit of the fabric processing business is located at Tarapur. While the requirement of power for the packaging process is minimal we have invested in a 45 KVA generator at the location.

2. Water

Daman Plant

Water is not required for the manufacturing process of ready-made garments. The requirement of water is restricted to human consumption and as such adequate arrangements have been made for this purpose.

Warehousing unit at Tarapur

Water is not required for the packaging process of fabrics. The requirement of water is restricted to human consumption and as such adequate arrangements have been made for this purpose.

3. Effluent Disposal

Daman Plant

The Pollution Control Committee of Daman & Diu and Dadra & Nagar Haveli have vide its letter-dated 16.12.2002 given its consent for the manufacture of ready-made garments. This consent is valid till 31.12.2005. There is no requirement of an effluent treatment in our manufacturing process.

Warehousing unit at Tarapur

There is no requirement of effluent treatment at this unit.

4. Manpower

Daman Plant

Currently, there are 178 people employed in the factory engaged in the manufacture of ready-made garments. Apart from this, we also engage contract labour for loading, unloading, etc. We have maintained good relationships with our employees. In the future, we will require additional manpower for our trouser plant. There is easy availability of labour and we do not foresee any problem in hiring more manpower.

Warehousing unit at Tarapur

Currently, there are three people employed at this unit. Apart from this, we also use labour on contract basis as and when required. We have maintained good relationships with its employees.

5. Raw Materials

Daman Plant

The basic raw materials required for the manufacturing process of apparels includes fabrics and trims. Some of the fabrics used in the manufacturing process are imported from countries like Korea, China, Taiwan etc. However, we source these materials from local traders in India. We have fixed suppliers of fabrics located in cities such as Tirupur, Bangalore, Surat, Ahmedabad etc. from whom we source the fabrics as and when required depending upon our production plan. The trims required for the manufacturing process are sourced from local traders. As such, we do not foresee any problem in sourcing our raw materials that are required for the production process.

Warehousing unit at Tarapur

The basic raw material for the fabric processing business is the grey fabric. We source this grey fabric from traders from different places in Bhiwandi, Malegaon and Tamil Nadu.

Products

The product portfolio of Provogue consists of a wide range of products for men and women. The products have been designed to express a lifestyle statement of the person. The men's range consists of Shirts, Trousers, T Shirts, Sweaters, Shorts, Pajamas, Suits, Jackets, Ties, Socks, Handkerchiefs, Belts, Wallets, Sunglasses, bags, caps, etc.

The women's wear range consists of western wear, Tops, Trousers, Skirts, Jackets, Shorts, Scarves, Belts, Handbags, etc.

Our products cater to the fashion wear segment for the target consumer in the age group of 22 to 40 years. We have an in-house competent design team engaged in the design process.

Marketing Strategy

The core of our company lies in the brand value of Provogue and our skills in offering fashionable clothing at affordable prices to the Indian mass consumer market. We will continue to focus on strengthening the existing brand and developing new and better products through investment in design and product development.

The brand values of Provogue influence all that we do in terms of our marketing strategy. These core values are: Fashion and Style, Bold and Innovative, Iconic and First to market. The Press regards our brand as newsworthy and this has led to broad coverage of our events that has helped us create and spread awareness throughout the country.

Brand promotion is of critical importance for us. We have been following an aggressive marketing strategy since the launch 1998. Currently Fardeen Khan is the brand ambassador for our product range. Former ambassadors have included well-known models and actors such as John Abraham and Katrina Kaif.

As part of our consumer marketing strategy, we enter into tie-ups with select companies on joint promotional activities where we give away free products, gift vouchers, etc. to promote awareness of the brand. In the past we have tied up with companies such as Sahara Airlines Ltd., Reliance Infocomm Ltd., Airtel, ICICI Bank, Citibank, American Express, Eureka Forbes and Times of India amongst others.

Our brand objective is to expand the customer base, ensure customer loyalty and increase the depth of the consumer relationship thus targeting higher share of wallet; all of which will be achieved by expansion of the distribution network.

In the coming years, marketing communications will be carried out along the following lines:

- Below the line
Direct push strategy on front end promotions; alliances with other non-competing brands as we have done in the past; sponsorship of retail events
- Direct Mass Media
Print and outdoor mass media using top end print media like local dailies, magazines and moving further to electronic media including radio and television
- Events led communications
Large events creating localised excitement; focus to be on events that can be televised/ advertised in mass media; also focus on sponsoring repeating events rather than stand alone events
- CRM programme
To build on customer goodwill in coming years, a CRM programme is being introduced as a front-runner to marketing communications
- Public Relations
An active PR campaign will be continued which has proven itself to be a key strategic tool in our communication strategy.

Business Strategy

In summary our business strategy is as follows:

Branded Apparel

- To continue to reinforce the Provogue brand value through enhanced product design and development promoted efficiently through creative and relevant communications.
- To extend our product categories from menswear into the womenswear and childrenswear clothing segments either directly or through acquisition.
- To upgrade our own garment manufacturing facilities and to ensure best-in-class outsourcing manufacturing partnerships.
- To extend the distribution network in India through an investment in more branded stores and to ensure that Provogue is positioned in all the major Indian department stores and shopping malls as they expand.
- To launch a large store format (mega-store) of 5,000 sq ft and build 21 such stores in India over a two-year period.
- To license our brand into footwear and relevant accessories for distribution through our new mega stores and selected other channels.
- To extend the Provogue Lounge resto-bar concept to major cities in India to enhance brand visibility and reinforce the lifestyle brand value of the Provogue label.
- Once our business model has been fully developed in India to extend our scope to international markets starting initially with neighbouring South Asian countries and the Gulf region.

- The long-term vision is for Provogue to be a valuable Indian lifestyle brand recognised the world over as a leader in contemporary clothing, accessories and lifestyle products.

Textile Exports

- To continue to leverage our knowledge and skills in specialized solutions to the apparel print cloth market
- To reinforce these skills through research and development in India
- To expand our customer base and thereby grow revenues and reduce our dependence on a single large customer
- To leverage the WTO 2005 quota free initiative and extend our reach especially in the high value markets of Europe and the Americas.

Future Prospects

We aspire to be a well-known Indian Fashion Brand on the international stage and to extend our proven lifestyle image by broadening our product scope and depth. We believe that superior performance and sustainable competitive advantage can be optimized through investment in our own branded store outlets but will also offer our products for sale through the rapidly expanding network of Indian National Chain Stores.

The development of a successful textile export business encourages us to believe that we can replicate the revenue generation and improve margins through entry into the European and American markets. Such a vision can only be enhanced through the adoption of the WTO 2005 quota free initiative which provides countries such as India that have a high textile skill base and relatively low labour costs with a competitive advantage in international textile trade going forward.

Property Purchased

The following is the list of recent properties acquired/ proposed to be acquired by us:

1. We have acquired a property at 105/106, Dream Square, 1st Floor, Off New Link Road, Andheri (W), Mumbai – 400 053 on ownership basis, measuring 6720 sq.ft and propose to shift our corporate office to these premises shortly. The property has been acquired on March 21, 2004 from Dreamworks Entertainment and Software Limited for a total consideration of Rs. 175 lacs.
2. The Company has entered into an Agreement for Sale dated March 29, 2005 with Acme Exports for the purchase of one-half share in the land and absolute ownership of the super structure of the first and second floor of the Industrial Building admeasuring 996.5 sq. mtrs. situated at Village Kadiya, District Daman, bearing no. 98/8, Marwad Group Gram Panchayat, Daman for a consideration of Rs. 98 lakhs. After receiving all necessary approvals for transfer of the property, the parties shall enter into a Sale Deed for concluding the sale of the property.

Our promoters, who are partners of Acme Exports

Location of our Branch Offices

Our branch offices are located at:

Location	Address
Delhi	6, Vikram Vihar, Lajpat Nagar, New Delhi – 110 024
Calcutta	76 E AJC Boss Road, 1st Floor, Photo Scan, Kolkatta – 700 014
Chennai	Shop No. 22, Basement, Sapthagiri Apts., 83, TTK Road, Alwarpet, Chennai – 600 018
Bangalore	No.35, 20 th 'A' Main Road, Opp. Post Office, K.H.B. Colony, 8 th Block, Koramanagala, Bangalore 560 095
Hyderabad	6-3-801/105, Delta Chambers, Ameerpet, Hyderabad

III. KEY INDUSTRY- REGULATIONS AND POLICIES

Over the past five years, the Indian government has removed many of the barriers hindering the sectors growth. But to fulfill the potential of the country's apparel-export industry, the government needs to eliminate the remaining restrictions that perpetuate the lack of scale and poor operational and organisational performance of local manufacturers and that discourage investment, particularly foreign direct investment.

Regulations still protect small-scale in a number of ways. While the production of ready-made garments is no longer reserved for small-scale manufacturers, a few product markets, such as hosiery, still are. In addition, Indian manufacturers often choose to set up several small plants, instead of a single big one, to take advantage of labour laws. As a result, Indian apparel/garment making units typically have less number of machines than its counterparts in other countries.

In order to encourage upgradation of textile sector and to give a fillip to exports of textile products, some of the important initiatives taken by the Government of India are as follows:

Announcement of New Textile Policy:

One of the main objectives of the New Textile Policy announced in November 2000 (NTxP 2000) is to facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The policy endeavors to achieve the target of textile and apparel exports from the present level to US\$ 50 billion by 2010, of which the share of garments will be US\$ 25 billion. Subsequent to the announcement of NTxP 2000, woven segment of readymade garment sector has been de-reserved from SSI and the announcement has been made for de-reservation of knitwear from SSI.

Technology Up-gradation Fund Scheme:

In view of the urgent need for stepping up the process of modernisation and technology upgradation of the textile industry in India, Ministry of Textiles launched a Technology Upgradation Fund Scheme (TUFS) for the textile and jute industry for a five years time frame w.e.f. 01-04-1999 to 31-03-2004, providing for 5% interest reimbursement in respect of loans availed thereunder from the concerned financial institutions for investment-benchmarked technology for the sectors of the Indian textile industries specified thereunder.

Liberalisation of FDI Policy:

Government has allowed foreign equity participation upto 100%, through automatic route, in the textile sector with the only exception in knitwear/knitting sector, which is still reserved for SSI. SSI investment limit for the knitwear/knitting sector has been increased from Rs.1 crore to Rs. 5 crore.

Export Promotion Capital Goods (EPCG) Scheme:

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

Advance Licensing Scheme:

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

Duty Exemption Pass Book (DEPB) Scheme:

DEPB credit rates have been prescribed for textiles and clothing products.

Duty Drawback Scheme:

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

Human Resource Development:

Attention has also been paid to Human Resource Development in the textile sector. National Institute of Fashion Technology (NIFT) which is imparting training to Fashion Designers and Fashion Technologists to cater to the human resource requirements of garment industry has 7 branches at Delhi, Mumbai, Calcutta, Hyderabad, Bangalore, Chennai and Gandhinagar. Ministry of Textiles has established a Nodal Centre for Upgradation of Textile Education at the Indian Institute of Technology, Delhi with funding from the Ministry of Textiles.

Construction of Apparel International Mart:

Apparel Export Promotion Council is constructing an Apparel International Mart at Gurgaon with assistance from Government.

Setting up of modern laboratories:

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

Apparel Park for Exports Scheme:

A centrally sponsored scheme titled "Apparel Parks for Exports Scheme" has been launched. The scheme is intended to impart focussed thrust to setting up of apparel manufacturing units of international standards at potential growth centres and to give fillip to exports. Since the inception of scheme in March 2002, eleven Project Proposals has been sanctioned for setting up Apparel Parks at Tronica City & Kanpur (U.P.), Surat (Gujarat), Thiruvananthapuram (Kerala), Visakhapatnam (Andhra Pradesh), Ludhiana (Punjab), Bangalore (Karnataka), Tirupur & Kanchipuram (Tamil Nadu), SEZ, Indore (Madhya Pradesh) and Mahal (Jaipur, Rajasthan).

Textile Centres Infrastructure Development Scheme (TCIDS):

Development of infrastructure facilities at pre-dominantly textile/apparel sector areas is one of the thrust areas of NTxP 2000. For attaining this objective, a new scheme (TCIDS) has been launched for upgrading infrastructure facilities at important textile centers.

The WTO 2005 Initiative

Protection of the textile and clothing sector has a long history in United States and Europe. In the 1950s, Japan; Hong Kong, China; India and Pakistan agreed to voluntary export restrains for cotton textile products to the United States. In 1962 a Long Term Agreement regarding International Trade in Cotton Textiles (LTA) was signed under the auspices of the GATT (replacing a 1-year short-term agreement). The LTA was renegotiated several times until it was replaced by the MFA, which extended restrictions on trade to wool and man-made fibers in addition to cotton.

Since 1947, when the General Agreements on Tariff and Trade (GATT) was first signed, an increasing proportion of international trade was regulated by the international agreements, designed to ensure countries could erect or maintain barriers to international trade only under mutually agreed terms.

Apparel / readymade garments were not included in GATT provisions. In 1947, the Multi-Fibre Agreement (MFA) was signed, without reference to GATT, essentially ratifying countries right to impose quotas on textiles and apparel / readymade garment imports from each other. This was intended to be a temporary measure allowing developed countries time to restructure their apparel / ready-made garments and textile industries before opening them up to competition from developed countries.

In practice the MFA was frequently renewed. In 1994, GATT signatories signed the Agreement on Textiles and Clothing (ATC), committing to phasing out MFA and replacing it by the general systems for agreeing trade barriers and disputes that the GATT has laid down. Almost simultaneously, the GATT was replaced by the World Trade Organisation (WTO).

The most important underlying principles of the ATC are:

- The quotas would be phased out to an agreed timetable (16% of imports quota-free by 1/1/95, a further 17% by 1/1/98, a further 18% by 1/1/02 and the remaining 49% by 1/1/05)
- There would be no extension date
- The ATC would be binding only on trade between WTO member states.
- There would be no temporary provisions while the ATC was in force for monitoring progress and managing duties

Accordingly, quota restrictions have been removed with effect from January 1, 2005.

This removal of world trade quota restrictions is expected to bring a change in the global apparel trade. Productivity, labour costs, quality and creativity will determine which countries will eventually emerge as winners.

IV. HISTORY AND CORPORATE STRUCTURE

The Company was incorporated on November 11, 1997 as Acme Clothing Private Limited. The Company was converted into a public limited company (i.e. Acme Clothing Limited) on March 11, 2005, in terms of a special resolution dated March 2, 2005 passed under Section 31(1) and Section 44 of the Act in a Meeting of the Shareholders of the Company. The name of the Company was subsequently changed to Provogue (India) Limited in terms of a special resolution dated March 2, 2005 passed under Section 21(1) of the Act and a fresh certificate of incorporation dated March 14, 2005 was issued by the Registrar of Companies, Maharashtra, Mumbai.

The Company launched the fashion brand 'Provogue' in March 1998 and within a short span of seven (7) years, it has established a strong brand identity in the minds of the urban consumer. The Company's philosophy of 'creating trends' in fashion, an aggressive marketing strategy, coupled with high profile promotional events and its distribution strategy of retailing through selective stores and malls has resulted in Provogue being now positioned as a leading fashion brand in India.

The company has, over a period of time, entered into hospitality business by opening a lounge under the brand name **Provogue Lounge**. These lounges work as a store in the daytime and are converted into a restaurant and refreshment room in the evening with an extensive selection of food, beverages and entertainment at value prices. Recently, the Company acquired from Acme Global the entire business of export of textile; textile machinery and textile related chemicals and operates these businesses as its division under the name Acme Global.

Mr. Nikhil Chaturvedi promoted the Company along with his two brothers Mr. Akhil Chaturvedi and Mr. Salil Chaturvedi, and friends Mr. Deep Gupta, and Mr. Nigam Patel. Later, Mr. Rakesh Rawat was also inducted into the company as a promoter.

The evolution of the Company can be traced through the following phases:

Phase I: The launch

The beginning of 1998 saw Provogue being launched in a Multi Brand Outlet, i.e. The Bombay Stores, Mumbai and progressing to 120 Multi Brand Outlets by the end of 1999. The first exclusive 'Provogue' store was opened in Lokhandwala Complex, Andheri, Mumbai in the year 2000. The Company was able to achieve market penetration by hosting fashion shows across the country along with an aggressive advertising and PR campaign, which enabled it in persuading a potential customer to its brand and its outlets to buy the Company's apparels.

Phase II: Building a brand

The Company has established a distribution network across the country covering Metro, A Class cities and B Class cities. Over the years, the Company introduced other product categories like men's trousers, socks, wallets, t-shirts as well as women's wear, which received an overwhelming response from its customers. Though the products introduced by the Company were doing exceedingly well, the total retail area available to the Company was not adequate and restricted it to a few Multi Brand outlets and one exclusive store in Mumbai. However, in terms of sales, the Company achieved sales of Rs. 1, 400 Lacs (US \$3 mn approx.) in the year 2000.

Phase III: Building of scope and scale for the brand

Although the sales continued to grow rapidly, expansion had still not reached its true potential on account of the limited retail area. To meet the growing demand of its products, the idea of having its exclusive stores was conceived and thirty-six Studio Stores were planned to be opened in a time frame of about two years. To achieve further growth in sales, Bollywood actor Fardeen Khan was signed up as the brand ambassador in July 2001. This gave impetus to the Company's marketing initiatives and endorsement by the brand ambassador reinforced the brand image as a trend-setting brand. The Company expanded its product lines to include knitwear, woolens, ties, scarves, handbags and other accessories. By December 2002, the Company had already opened twelve Studio Stores all across the country. Simultaneously, the Company also expanded its presence in large chain stores like Shopper's Stop and Piramyd all over India and was the first brand to be introduced in Westside, a leading retail store.

The Company started its first manufacturing facility at Daman on April 7, 2003, with an installed capacity of 2000 shirts per day. However, the company outsourced its requirements for trousers and other accessories. The manufacturers and suppliers are selected for supply to the Company only if they meet the Company's quality standards. The manufacturer has to undergo quality control inspections and tests conducted by the Company before the trousers and accessories are branded as that of the Company.

Phase IV: Consolidation

With a view to expand its business and enter into the fabric processing business and exports, the Company entered into a Memorandum of Understanding ("MOU") dated April 1, 2004 with Acme Global, a partnership concern, in which the existing promoters (other than Mr. Akhil Chaturvedi and Mr. Nigam Patel) are partners. The understanding reached between the parties was formalized by executing an agreement for assignment dated September 28, 2004.

- The company has taken over the business of Acme Global on a going concern business together with all of its assets and liabilities as on April 1, 2004 for a consideration of Rs. 2,84,14,814/-
- The said consideration is payable on or before March 31, 2005 or such extended time as may be mutually agreeable.
- The said consideration is represented by promissory notes made by the Company in favour of the four (4) partners of Acme Global and till such time that the said consideration is paid; it shall be treated as unsecured loans in the books of the PIL.
- The Agreement is effective on and from April 1, 2004.

Acme Global

Acme Global was set up as a partnership firm on December 15, 1999 with Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi, Mr. Deep Gupta and Mr. Rakesh Rawat as the partners sharing profits in the ratio of 1:1:1:2. Acme Global was involved in the business of export of textile, textile machinery and textile related chemicals, dyes, etc.

Brief Financials of Acme Global

The brief financials of Acme Global prior to its acquisition were as follows:

	(Rs. In Lacs)		
	2003-2004	2002-2003	2001-2002
Partners Capital	334.02	313.18	247.22
Fixed Assets	26.43	13.23	8.53
Total Income	2541.93	2667.01	1731.39
Net Profit after Tax	107.47	121.74	125.16

Benefits from Acquisition

The strategy behind acquiring the business of Acme Global was to consolidate the business of the Company. Till now, the Company has been in the business of apparel manufacturing, outsourcing, branding and distribution (through its own outlets, national chain stores and multi brand outlets). With this acquisition, the Company entered into the business of textile exports, export of textile machinery and textile related chemicals.

The fabric export business provides the Company, the necessary economies of scale and an understanding of the global textile market. It also helps the Company in negotiating better rates for the raw materials required by the Company for its manufacturing facility.

Milestones achieved by the Company:

Year	Milestones
1997	<ul style="list-style-type: none"> • Acme Clothing Private Limited was incorporated on November 11, 1997
1998	<ul style="list-style-type: none"> • The Company launched its brand "Provogue"
1999	<ul style="list-style-type: none"> • John Abraham was projected as the brand ambassador for Provogue. • The Company introduced the brand "Provogue" in National Chain Stores like Piramyd, Shopper's Stop and Lifestyle
2000	<ul style="list-style-type: none"> • The Company opened the first "Provogue Studio" (an exclusive brand outlet) in Lokhandwala, Andheri, Mumbai
2001	<ul style="list-style-type: none"> • The Company opened its second Studio Store in Chandigarh • The Company signed bollywood actor Fardeen Khan as the Brand Ambassador
2002	<ul style="list-style-type: none"> • The Company set up its factory at Daman to manufacture apparel.
2003	<ul style="list-style-type: none"> • The Company introduced the concept of "Provogue Lounge" at High Street Phoenix, Mumbai
2004	<ul style="list-style-type: none"> • The Company acquired Acme Global which enabled it to enter into fabric processing business • The Company acquired 15,906 shares of Acme Hotels & Hospitality Private Limited ("AHHPL") pursuant to which AHHPL became its subsidiary
2005	<ul style="list-style-type: none"> • The Company changed its name to Provogue (India) Limited

Awards and Recognitions:

The company has been consistently recognized as the most admired apparel manufacturer in India. Images, one of the leading industry magazine, has instituted various awards known as Images Fashion Awards (IFA) to recognize the best performers of the fashion and retail industry. The company has been recognized by the industry for its various initiatives, which include Brand building, Setting up of own Exclusive Brand Retail chain and Fashion retailing concepts amongst others. The company has a unique distinction of winning the 'Most admired product launch' award and also being nominated for the IFA Hall of Fame: 'Most Admired Apparel Company in India' in the same year. A list of others awards won by the company over the years is in the table below:

Year	Award
2000	IFA: Winner 'Most Admired Product Launch' - Provogue
2000	IFA Hall of Fame: 'Most Admired Apparel Company in India'- Acme Clothing
2001	IFA: Hall of Fame 'Most Popular Fashion Campaign of The Year' - Provogue
2001	IFA Hall of Fame 'Most Admired Apparel Company in India' - Acme Clothing
2001	IFA Hall of Fame: 'Most Admired Brand Professional of The Year'- Nikhil Chaturvedi
2003	Lycra ^(R) IFA: Hall of Fame 'Most Admired Fashion Campaign of The Year' – Provogue (for year 2002)
2003	Lycra ^(R) IFA Hall of Fame: 'Most Admired Brand Professional of The Year'- Akhil Chaturvedi (for year 2002)
2003	Lycra ^(R) IFA: Winner 'Most Admired Exclusive Brand Retail Chain Of The year' – Provogue (for year 2002)
2004	Lycra ^(R) IFA: Winner 'Fashion Retail Concept Of The Year' – Provogue Lounge (for year 2003)
2004	Lycra ^(R) IFA: Hall of Fame 'Most Admired Shirt Brand of The Year' - Provogue (for year 2003)
2004	Lycra ^(R) IFA: Hall of Fame 'Most Recalled Fashion Campaign Of The Year' - Provogue (for year 2003)
2004	Lycra ^(R) IFA: Winner 'Most Admired Exclusive Brand Retail Chain Of The year' – Provogue (for year 2003)
2004	IFA: Hall of Fame 'Retailer Of The Year in Fashion' - Provogue (for year 2003-04)
2004	Golden Scale Award for the Best Brand in Apparel by CMAI 2004
2004	DFU's inside Fashion brand award for excellence in retail performance
2005	Lycra ^(R) IFA Winner: 'Most Admired Fashion Forward Brand of the year'- Provogue
2005	Master Brand Award for Menswear Apparel

Main and Other Objects of the Company

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

1. To carry on business of manufacturers, producers, processors, purchasers, sellers, distributors, importers, exporters and dealers in all kinds of readymade garments & fabric accessories & related items, shirting, suiting, trousers, jeans, textile goods, hosiery goods, elastic cloth, elastic tapes, knitted cloth, made to measure garment, tapestry, knit wear, ribbons, saree borders, woven labels, parachute strings, ties, collars, cuffs, scarves cells, and tinsel fabric and thread, underwear's, brassiers, dress materials and to carry on the business of hosiers, clothiers, dress makers, costumers, dress agents, outfitters.
2. To carry on the business as manufacturer, processors, exporter, importer, indenter and dealer in Yarn, Thread, Fabric, Made-ups, and Garments made from 100% Cotton, Man made Filament & Staple Fibres, Wool, Silk. To carry on the business as manufacturer, processor, exporter, importer, indenter & dealers in all types of Dyes & Dye Intermediates, Pigments, Textile Axillaries and other articles, Colours, Basic Inorganic & Organic Chemicals, Detergents, Starch, Acids, Essential Oil, Paints and varnishes, lakes, flush colours, surface active agents, compounds, ingredients, flavors and perfume material & Miscellaneous Chemical Products for the foregoing and products for us in connection therewith.

One of the objects of the Company as stated in the Memorandum of Association, which the Company has activate by passing necessary resolutions, is

1. To carry on the business of hotel, restaurants, café tavern, beef house, refreshment rooms, and lodging house keepers, licensed victualisers, purveyors caterers for public amusements, hairdressers, proprietors of clubs, baths, dressing rooms, laundries, reading writing and newspaper rooms, libraries, ground and places of amusements, recreation, sports, entertainment, and instruction of all kinds.

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

Changes in the Memorandum of Association

Since its incorporation the following changes have been effected to the Memorandum of Association:

Date of Shareholder Approval	Changes
March 5, 2001	The Authorised Capital of the Company was increased from Rs.50,00,000 comprising of 5,00,000 Equity Shares of Rs. 10/- each to Rs. 3,25,00,000 comprising of 32,50,000 Equity Shares of Rs. 10/- each
September 25, 2004	The Authorised Capital of the Company was increased from Rs. 3,25,00,000 comprising of 32,50,000 Equity Shares to Rs. 13,25,00,000 comprising of 1,32,50,000 Equity Shares of Rs. 10/- each
January 28, 2005	The Authorised Capital of the Company was increased from Rs. 13,25,00,000 comprising of 1,32,50,000 Equity Shares to Rs. 18,00,00,000/- comprising of 1,80,00,000 Equity Shares of Rs.10/- each
March 11, 2005	The Company was converted to a Public Limited Company i.e. Acme Clothing Limited
March 14, 2005	The name of the Company was changed to Provogue (India) Ltd.
March 15, 2005	The Objects Clause of the Company was amended to include the following object: <i>"To carry on the business as manufacturer, processors, exporter, importer, indenter and dealer in Yarn, Thread, Fabric, Made-ups, and Garments made from 100% Cotton, Man made Filament & Staple Fibres, Wool, Silk. To carry on the business as manufacturer, processor, exporter, importer, indenter & dealers in all types of Dyes & Dye Intermediates, Pigments, Textile Axillaries and other articles, Colours, Basic Inorganic & Organic Chemicals, Detergents, Starch, Acids, Essential Oil, Paints and varnishes, lakes, flush colours, surface active agents, compounds, ingredients, flavors and perfume material & Miscellaneous Chemical Products for the foregoing and products for us in connection therewith."</i>

The details of the capital raised by the Company are given in the section entitled "Capital Structure" on page [•] of this Draft Red Herring Prospectus.

Subsidiaries of the Company

The Company has only one subsidiary, the details of which are as follows:

Acme Hotels And Hospitality Private Limited

Acme Hotels and Hospitality Private Limited ("AHHPL") was incorporated, by the existing Promoters (other than Mr. Rakesh Rawat), as a private limited company on August 28, 2003 with its registered office at 138-141, Govt. Industrial Estate, Charkop, Kandivali (W), Mumbai- 400 067. The Company was incorporated to carry on the business of managing hotels, motels, resorts, and other hospitality related activities and provide facilities of entertainment.

AHHPL became a 100% subsidiary of the Company with effect from January 18, 2005, the date on which the promoters of AHHPL sold their 15,906 Equity Shares of AHHPL to the Company for cash at par aggregating Rs.1,59,060.

The promoters of PIL (other than Mr. Rakesh Rawat) are interested in the transaction, *wherein*; AHHPL was converted into a 100% subsidiary of PIL.

AHHPL manages the 'Provogue Lounge'; a novel concept introduced by the Company in July 2003, under a Business Conducting Agreement executed on October 1, 2003, and with effect from January 1, 2005 under the terms of Conducting Agreement executed on March 7, 2005 with effect from January 1, 2005, in each case, between the Company and AHHPL. In terms of the Conducting Agreement, AHHPL is permitted to conduct and manage the business of 'Provogue Lounge'. The Provogue Lounge has an extensive selection of food, beverages and entertainment at value prices. Currently, AHHPL manages one Provogue Lounge located at Phoenix Mills at Lower Parel, Mumbai. The novelty of the Provogue Lounge is that it functions as a Provogue Studio during the day and is transformed into a Lounge bar in the evening after sunset.

The initial term of the Business Conducting Agreement was for a period of three (3) years commencing from October 1, 2003, but was terminated with effect from December 31, 2004 and with effect from January 1, 2005 the arrangement is now governed by the terms of the Conducting Agreement dated March 7, 2005 with effect from January 1, 2005. Under the term of the business conducting agreement, AHHPL was required to pay 5% of the gross

revenues of the Provogue Lounge as 'Business Conducting' fees to the Company on a monthly basis. This has now been increased from 5% - 7% of the gross revenue with effect from January 1, 2005 under the new Conducting Agreement.

Board of Directors

The Board of Directors of AHHPL comprises of Mr. Nikhil Chaturvedi, Mr.Akhil Chaturvedi, Mr.Salil Chaturvedi, Mr.Deep Gupta and Mr.Nigam Patel as directors.

Shareholding Pattern

AHHPL's has a paid-up Equity Share capital of 15906 shares The Company, legally and beneficially, together with its nominees, owns and holds the entire issued and paid-up share capital of the Company.

Financials

The operating results of AHHPL for the half year ended September 30, 2004 and for the year ended March 31, 2004 are set forth below:

(Rs. In Lacs)		
Particulars	As at and for the half year ended September 30, 2004	As at and for the period ended March 31, 2004 (Date of incorporation August 28, 2003)
Sales	114.18	79.74
Other Income	2.02	7.11
PBT	10.44	0.59
PAT	10.39	0.36
Capital	1.59	1.59
Net Worth*	12.12	1.69

* Excluding deferred tax liabilities

Shareholders Agreement:

There are no Shareholders Agreements between the Company and any other person.

Other Agreements:

Share Subscription Agreement

Bennett, Coleman and Co. Limited ("BCCL"), owner of the well-known newspaper 'Times of India' entered into a share subscription agreement dated February 14, 2005 with the Company and thereby acquired by way of subscription 5,00,000 Equity Shares ("BCCL Shares") at a premium of Rs.130 for a total consideration of Rs. 7,00,00,000 (Rupees Seven Crores only). Notwithstanding the subscription to the Equity Shares by BCCL, the existing Promoters continue to exercise overall management and control over the Company. BCCL has no veto powers or any right to appoint directors on the Board of the Company.

The BCCL Shares are subject to a lock in for a period of 12 months from the date of allotment or twelve (12) months from the date of listing of the Equity Shares of the Company pursuant to an Initial Public Offer (IPO), whichever is later. After the lock-in period, in the event if BCCL desires to sell all or any of the BCCL Shares, BCCL has to first offer such shares to the Promoters of the Company at the then prevailing market price.

Agreement of Assignment

The Company entered into a Memorandum of Understanding ("MOU") dated April 1, 2004 with Acme Global, a partnership firm in which some of the existing promoters (Mr. Nikhil Chaturvedi, Mr.Salil Chaturvedi, Mr.Deep Gupta and Mr. Rakesh Rawat) are partners, to acquire the business of Acme Global as a going concern. Subsequently, the Company entered into an Agreement of Assignment dated September 28, 2004 with retrospective effect from April 1, 2004 and other closing documents to transfer the business, including, the assets and liabilities of Acme Global to the Company. The Company acquired the business of Acme Global as a going concern together with all of its assets and liabilities as on April 1, 2004 for a consideration of Rs. 2,84,14,814/-, payable on or before March 31, 2005. The said consideration is represented by promissory notes made by the Company in favour of the four (4) partners of Acme Global and till such time that the said consideration is paid, it shall be treated as unsecured loans in the books of the Company. The promoters of PIL may be deemed to interested in the acquisition of the partnership firm.

Licence Agreement with M/s. Rajni Frames

The Company (as Licensor) has entered into a License Agreement dated May 23, 2004 with M/s. Rajni Frames (as Licensee) to allow the Licensee to use the Licensor's brand name 'Provogue' for the manufacture and sale of eye wear products. The Licence has been granted to the Licensee on a limited non-exclusive basis for a period of three (3) years from the execution of the Licence agreement, which period may be extended for a further period of three years. In terms of the Licence Agreement, the Licensee is required to pay for the first year, a minimum guarantee fee of Rs.30 lacs in the first year. For the subsequent years, the Licensee is required to pay royalty at the rate of 15% of Sales ("Variable Royalty") or minimum guarantee fee of Rs. 30 Lacs, which ever is more.

Studio Agreements

The Company has entered into various agreements with several persons for the 40 Studios the Company is operating across the country. The Company has entered into Leave and License Agreements and Lease Agreements for some of its Studios. Some of the agreements are in the form of business conducting agreements, dealership agreements and, franchise agreements, which are basically in the nature of leave and license agreements. These agreements have been executed at several places across India and may be subject to applicable stamp duty along with registration of the relevant document.

Business Conducting Agreement

A Business Conducting Agreement was executed on October 1, 2003, and with effect from January 1, 2005 between the Company and AHHPL under which AHHPL shall manage the business the 'Provogue Lounge', located at Phoenix Mills at Lower Parel, Mumbai. The initial term of the Business Conducting Agreement was or a period of three (3) years commencing from October 1, 2003, but was terminated with effect from December 31, 2004 and with effect from January 1, 2005 the arrangement is now governed by the terms of the Conducting Agreement dated January 1, 2005. Under the terms of the business conducting agreement, AHHPL was required to pay 5% of the gross revenues of the Provogue Lounge as 'Business Conducting' fees to the Company on a monthly basis. This has now been increased with effect from January 1, 2005 under the Conducting Agreement from 5% of the gross revenue to 7% of the gross revenue.

Agreement for Sale

The Company has entered into an Agreement for Sale dated March 29, 2005 with Acme Exports for the purchase of one-half share in the land and absolute ownership of the super structure of the first and second floor of the Industrial Building admeasuring 996.5 sq. mtrs. situated at Village Kadiya, District Daman, bearing no. 98/8, Marwad Group Gram Panchayat, Daman for a consideration of Rs. 98 lakhs. After receiving all necessary approvals for transfer of the property, the parties shall enter into a Sale Deed for concluding the sale of the property.

The Company, since May 2003, owns one-half joint share in the Land and absolute ownership of the super structure of ground and mezzanine floor admeasuring 1066.5 sq. mtrs. The Company shall on the Sale Deed being executed, become the sole and absolute owner of the entire Land and super structure constructed on the said Land. The promoters of PIL may be deemed to be interested in the agreement for sale.

Strategic Partners:

The Company does not have any strategic partners.

Financial Partners:

The Company does not have any financial partners.

V. MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As of March 2005, the Company has eleven (11) Directors of which the Company has six full time directors. The six full time directors have been allocated the following designations and responsibilities:

- Nikhil Chaturvedi, Chief Executive Officer (CEO) is responsible to the Board for optimizing shareholder value and for ensuring legal and fiscal compliance. Reporting to him are five senior directors.
- Salil Chaturvedi, Chief Marketing Officer (CMO) is responsible for product design and development and for the marketing and positioning of the Provogue brand in all its channels, including the operations of AHHPL.
- Akhil Chaturvedi, Chief Administrative Officer (CAO) is responsible for Human Resources, Legal Compliances, Information Technology and General Administration;
- Deep Gupta, Chief Financial Officer (CFO) is responsible for finance and treasury operations of the Company
- Nigam Patel, Chief Operating Officer (COO) is responsible for the Provogue Studios (i.e. identification and completion of new studio locations) and the sales & merchandising of Provogue products;
- Rakesh Rawat, Director, Textile Exports is responsible for the textile business in terms of export of fabrics, textile machinery and related dyes and chemicals sourcing, value addition and sales.

Board of Directors

The following table sets forth details regarding the Board of Directors:

Name, Age, Designation & Address, Occupation	Date of Appointment	Qualification	Other Directorships
S.Jambunathan , 66, Chairman 9, Prakash Co-op Hsg. Society Relief Road, Daulat Nagar, Santacruz (W), Mumbai – 400 054 IAS Retired	14.03.2005	M.A.(Hon.) Mathematics	JISCO The Stock Exchange, Mumbai First Policy Insurance Advisors Private Limited, Pune
Nikhil Chaturvedi , 36, Managing Director Bungalow No. 8, Premium Towers, Lokhandwala Complex, Andheri (W), Mumbai – 400 053 Business	17.11.1997	B.Com	Floro Mercantile Pvt. Ltd. Acme Hotels & Hospitality Pvt. Ltd. Prozone Enterprises Pvt. Ltd. Topspeed Trading Pvt. Ltd.
Salil Chaturvedi , 33, Whole-time Director Bungalow No. 8, Premium Towers, Lokhandwala Complex, Andheri (W), Mumbai – 400 053 Business	17.11.1997	B.Sc.	Floro Mercantile Pvt. Ltd. Acme Hotels & Hospitality Pvt. Ltd. Flower, Fruits & Plants (India) Pvt. Ltd. Prozone Enterprises Pvt. Ltd. Topspeed Trading Pvt. Ltd.
Akhil Chaturvedi , 40, Whole-time Director B31, 1901-02, Montreal Towers, Shastri Nagar, Near Lokhandwala Andheri (W), Mumbai-400 053 Business	17.11.1997	B.Sc., MMS	Floro Mercantile Pvt. Ltd. Acme Hotels & Hospitality Pvt. Ltd. Topspeed Trading Pvt. Ltd. Prozone Enterprises Pvt. Ltd.
Deep Gupta , 37, Whole-time Director Sushila Sadan, Manchubhai Road, Malad (East), Mumbai – 400 097 Business	17.11.1997	B.E., MBA	Floro Mercantile Pvt. Ltd. Acme Hotels & Hospitality Pvt. Ltd. Topspeed Trading Pvt. Ltd.
Nigam Patel , 34, Whole-time Director No. 2, Adarsh Dugdhalaya, Off Marve Road, Malad (W), Mumbai – 400 064 Business	17.11.1997	B.Com.	Floro Mercantile Pvt. Ltd. Acme Hotels & Hospitality Pvt. Ltd. Topspeed Trading Pvt. Ltd. Aspee Agricultural Research & Development Foundation (Trust)
Rakesh Rawat , 34,	04.09.2004	B.Com, MBA	None

Whole-time Director Flat No. 1401,G-5 Vastu Heights, Sundarban Complex Off J.P.Road, Village Oshiwara Andheri (W), Mumbai 400 053 Business			
Timothy Leif Walton Eynon , 50, Director Ram Krupa, 1st Floor, N/S Road No. 6 (Plot no. 44), JVPD Scheme, Mumbai – 400 056 Business	01.01.2005	BSc., MBA	Leif Walton Ltd. UK. (Managing Director) Be The Business (Managing Partner)
Rakesh Jhunjunwala , 45, Director 3 - Sital Sagar, Sital Baug 64 Walkeshwar Road, Mumbai 400 006 Business	01.01.2005	B.Com, ACA	Virtual Marketing (India) Pvt. Ltd By Design India Pvt. Ltd Inmatch.com Internet Ventures Pvt. Ltd. Bilcare Ltd Praj Industries Ltd Nagarjuna Construction Co. Ltd Innovasynth Technologies (I) Ltd Prime Focus Ltd Concord Biotech Ltd. Mid-Day Multimedia Limited Geojit Financial Services Limited
Shahid Balwa , 31, Director Aaliya Manor Road No. 9, TPS IV, Near Almeida Park, Bandra (West), Mumbai – 400 050 Business	14.03.2005	B.Com	BD&P Hotels (India) Pvt. Ltd. (Le Royal Meridien) Associated Hotels Limited Lal Qila Investments Pvt. Ltd. Goan Hotels and Club Pvt. Ltd. Siddhivinayak Realities (P) Ltd. Balwas International (Proprietor)
Prakash Thakur , 36, Director 11, Brighton Bungalow Lokhandwala Complex Andheri (W), Mumbai – 400 053 Business	14.03.2005	B.E., MBA	Nil

Brief Profile of the Directors (Promoters):

Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi, Mr. Akhil Chaturvedi, Mr. Deep Gupta, Mr. Nigam Patel, Mr. Rakesh Rawat being the Promoter Directors of the Company, their profiles are mentioned under the head 'Promoters'. Please refer to page [●] of this Red Herring Prospectus for further details.

Brief Profile of the other Directors:

1. **S.Jambunathan**, 66 years, Non Executive Chairman, is a retired Government Officer. He is a Gold medalist in Mathematics from Madras University. He is an IAS Officer of Maharashtra cadre, who retired as Chairman cum Managing Director of Export Credit Guarantee Corporation (ECGC). Prior to that, he had been the Additional Chief Secretary (Home), Maharashtra.
2. **Tim Eynon**, 50 years, Director, is a graduate textile engineer with an MBA from the INSEAD business school at Fontainebleau, France. He has served on the management teams of several businesses, mainly in the textile, garment and polymer sectors and was most recently on the Board of Tencel Fibers in the UK and General Manager of Cargill Dow LLC in the USA. He has specialised in international marketing and business development across the textile supply chain from fibers to garments and has extensive experience of the global textile and fashion industry.
3. **Rakesh Jhunjunwala**, 45 years, Director is a Chartered Accountant. He has been profiled as one of India's best five investors by Business India magazine in 1998. He is a partner in Rare Enterprises. Rare Enterprise is a partner in Rare Investments.

4. **Shahid Balwa**, 31 years, Director, has over 10 years experience in the Hospitality and Construction Industry. He belongs to the Balwas Group, which has set up several hospitality projects in the past including Le Meridien at Ahmedabad and a three star hotels under the Balwa Brand.
5. **Prakash Thakur**, 36 years, Director, an M.B.A. from Carnegie- Mellon University, USA and a BE from Sardar Patel College of Engineering, University of Mumbai. He has an industry experience of around 12 years with about 3 years in AES Corporation, USA and about 9 years in Jyoti Structures Limited.

Details of borrowing powers:

The Company at its Extra Ordinary General Meeting held on March 15, 2005, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other person, firms, body corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and component in stock or in transit) and work-in-progress and all or any of the undertaking of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so, however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.200 Crores (Rupees Two Hundred Crores only) exclusive of interest, and the Directors are hereby further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writing as they may think fit and containing such conditions and covenants as the Directors may think fit.

The Board was also authorized to do all such acts, deeds and things as may be required for the purpose of giving effect to the above resolution.

Terms of Appointment & Compensation of Managing Directors/ Whole time Directors

The shareholders in the Extraordinary General meeting held on March 15, 2005, approved the terms of appointment of Managing Director and Whole Time Directors (Collectively referred to as Directors) on the following terms:

(Mr. Nikhil Chaturvedi as Managing Director, Mr. Salil Chaturvedi, Mr. Akhil Chaturvedi, Mr. Deep Gupta, Mr. Nigam Patel & Mr. Rakesh Rawat as Whole-time Directors)

A. Salary Rs. 1,00,000/- per month for each of the Whole Time Director and Rs. 1,50,000/- for the Managing Director (Consolidated salary inclusive of all the perquisites as mentioned in clause 'B' hereinafter)

B. Perquisites

The following perquisites shall form part of the salary

- 1) Perquisites such as House Rent Allowance @ 60% of Salary or Company owned fully furnished Residential accommodation, along with all amenities, facilities and utilities, reimbursement of expenses incurred on gas, electricity, water, services of watchman & gardener etc., medical reimbursement for self and family incurred in India and / or abroad, leave travel concession for self and family, reimbursement of expenses incurred at clubs, company maintained vehicle with driver, premium towards personal accident insurance, telephone / communication facilities at residence etc.
- 2) Other perquisites:
In addition to the above the Directors will also be eligible for the following perquisites which shall be included in the computation of the ceiling on remuneration specified in Clause A above.
 - a) Contribution to the Provident Fund, Superannuation Fund and Gratuity as per the rules of the Company and as applicable to the senior Executives of the Company or as may be modified by the Government from time to time.
 - b) One full months' leave for every eleven months of service and encashment of unavailed leave, if any, subject to the rules as applicable to the Senior Executives of the Company.
- 3) Commission:
The Directors will also be entitled to, over and above the existing remuneration, a commission of not exceeding 1% of the net profits of the Company computed under Section 349, 350 of the Companies Act, 1956, as may be decided by the Board of Directors in its absolute discretion such that the total remuneration and commission do not exceed the limits described in Section 198 and 309 of the Companies Act, 1956.

The remuneration payable to the Directors is subject to the limits as laid down in sub-section (3) of Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in sub-section (1) of Section 198 of the said Act or such other limits as may be specified by the prescribed authorities from time to time.

Where in any Financial year, during the currency of tenure as Director, the Company has no profits or if its profits are inadequate, the Company may pay remuneration by way of salary, perquisites, other allowances etc. to the Directors not exceeding the limits specified under, Part II, Section II of Schedule XIII to the Companies Act, 1956”.

C. Sitting Fees

The Directors shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee/s thereof from the date of their appointment.

D. Others

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

E. Termination

1. The Board is entitled to terminate the agreements with the Directors forthwith by notice in writing on their vacation of office of Director by virtue of Sections 283, 284 and other applicable provisions of the Companies Act, 1956.
2. 3 months' notice in writing by either party.

F. Arbitration

Disputes, if any, at any time arise between the parties shall be settled by arbitration.

Corporate Governance

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of our stakeholders. The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon applying for the in-principle approval for listing of the Equity Shares on the stock exchange. Accordingly, the Company has undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

Audit Committee:

The Audit Committee was constituted during the financial year 2004-2005 (March14, 2005). The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchange. The Audit Committee consists of only non-executive directors, with the majority being independent directors.

The Committee currently comprises of three members namely Mr. S Jambunathan as its Chairman, Mr. Tim Eynon and Mr. Shahid Balwa as its members.

The scope of Audit Committee shall include but shall not be restricted to the following:

1. It shall have authority to investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
2. To investigate any activity within its terms of reference.
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
4. Reviewing with management the annual financial statements.
5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Reviewing the Company's financial and risk management policies.
8. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

Remuneration Committee

The Remuneration Committee was constituted during the financial year 2004-2005 (March 14, 2005). The Remuneration Committee consists of non-executive directors, with the Chairman being an independent director.

The Committee currently comprises of three members namely Mr. Prakash Thakur (Chairman), Mr. S.Jambunathan and Mr. Shahid Balwa as its members. The Committee has been formed to decide and approve the terms and conditions for appointment of executive directors of the company and remuneration payable to other directors and executives of the company and other matters related thereto.

Shareholders / Investor Grievance and Share Transfer Committee

As part of its Corporate Governance initiative, the Company constituted the Shareholders/Investors Grievance & Share Transfer Committee on March 14, 2005. The Shareholders Committee consists of Mr. Shahid Balwa, Mr. Prakash Thakur and Mr. Akhil Chaturvedi as its members. Mr. Shahid Balwa is the Chairman of the Shareholders Committee. The Committee is formed to specifically look into all the works relating to shares and shareholders grievance i.e. approval of transfer/transmission/demat/remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc.

Shareholding of Directors in the Company

The Articles of Association of the Company do not require the Directors to hold any Equity Shares in the Company as qualification shares. The following table details the shareholding of the Directors who hold shares either in their personal capacity or as joint holder, as at the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Directors	Number of Equity Shares
1	Mr. Nikhil Chaturvedi	1705136
2	Mr. Salil Chaturvedi	1650416
3	Mr. Deep Gupta	962736
4	Mr. Rakesh Rawat	700496
5	Mr. Akhil Chaturvedi	503040
6	Mr. Nigam Patel	503040
7	Mr. Rakesh Jhunjunwala*	600000
TOTAL		6624864

*Mr. Rakesh Jhunjunwala joined the Board on January 01, 2005. He has been allotted 1,50,000 shares (held jointly with Mrs. Rekha Jhunjunwala as partners of Rare Enterprise) on January 20, 2005. Further 3,30,000 bonus shares were issued on February 01, 2005. On March 14, 2005 1,20,000 shares were issued to him in personal name.

Interest of Directors (Other than promoter directors)

Except as stated in "Related Party Transactions" on page [•] of this Red Herring Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page [•] of this Red Herring Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company

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

Except as stated otherwise, in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

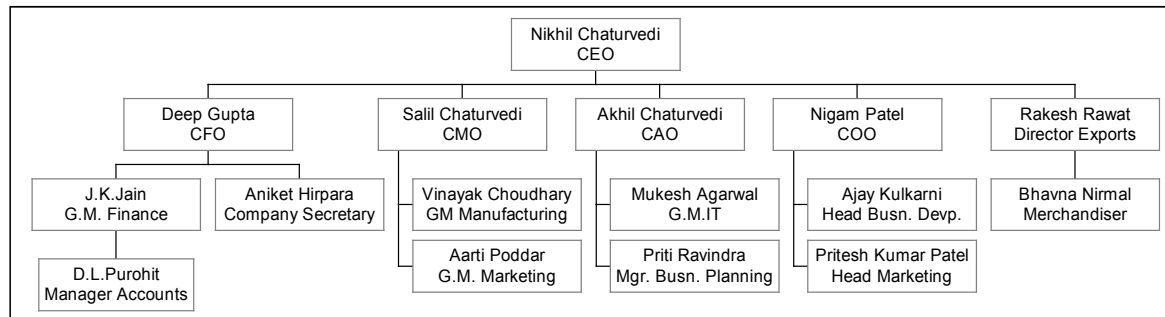
Changes in the Directors

The following changes have taken place in the Board of Directors of the Company during the last three years.

Name	Date of appointment	Date of Cessation	Reason for change
Mr. Rakesh Rawat	Sept. 04, 2004	NA	Appointed as Additional Director

Mr. Timothy Leif Walton Eynon	January 01, 2005	NA	Appointed as Additional Director
Mr. Rakesh Jhunjhunwala	January 01, 2005	NA	Appointed as Additional Director
Mr. S. Jambunathan	March 14, 2005	NA	Appointed as Additional Director
Mr. Shahid Balwa	March 14, 2005	NA	Appointed as Additional Director
Mr. Prakash Thakur	March 14, 2005	NA	Appointed as Additional Director

ORGANISATION STRUCTURE



Key Management Personnel

At present the Company has a total strength of 149 employees who are the permanent employees of the Company. Apart from this, the Company has engaged 88 employees on contractual basis. The Company enjoys cordial relationship with its employees and currently has no major labour related industrial relations issues.

The details of the key managerial personnel of the Company are as follows:

Mr. J.K. Jain, 32 years, GM Finance is an Associate Member of The Institute of Chartered Accountants of India. He has work experience of 8 years in the field of Finance and Accounts. He was previously employed with M/s Venus Wire Industries Ltd. where he was responsible for matters relating to credit control, income and sales tax assessment and banking activities. He joined the company on 1st November 2000 and looks after financial planning and budgeting including liaisoning with Banks & Financial Institutions, Fund management and mobilization and Management Information System (MIS). Prior to joining the Company he was working with M/s Venus Wire Industries Limited looking after all finance related work. The gross salary payable to him is Rs. 4,20,000 p.a.

Mr. Vinayak Chaudhary, 36 years, GM Manufacturing, is a Commerce Graduate from the University Of Rajasthan and holds a Diploma in Export Management. He has had an extensive work experience of 17 years in the field of garment manufacturing. He joined the company on 1st April 2003 and is in charge of the entire manufacturing set up at the Daman factory. Prior to joining the Company, he worked with M/s Major Exports (as a Production Manager) and M/s Upper Ganges Sugar & Industries Limited (as a Stores manager). The gross salary payable to him is Rs. 4,80,000 p.a.

Mr. Mukesh Agarwal, 34 years, G.M IT, is a B.Sc from Rohilkhand University and holds a Post Graduate Diploma in Systems Management from NIIT, Lucknow. He has also done Diploma in Computer Graphics & Animation from Compufield, Mumbai & Advance Diploma in Software Export Technology from Asset (Aptech), Mumbai. He has had work experience of 13 years in the IT industry and was previously employed at Texport Syndicate – Garment Export House, where his key responsibility areas included implementation of Inventory system, Order monitoring and Production Planning. He joined PIL on 1st July 1999 and is responsible for designing, implementing and maintaining software solutions. The gross salary payable to him is Rs. 2,83,440 p.a.

Mrs. Aarti Poddar, 34 years, G.M Marketing, is a Graduate in Economics from St. Xavier's College, Mumbai and has done her Post Graduation in Social Communications Media from Sophia College, Mumbai. She has about 13 years work experience in the field of Marketing and Advertising. She was previously employed at Tips Industries Ltd. where she was heading the Hindi Films Audio Division and also responsible for development of marketing and promotion strategies, media relations and event management. She joined PIL on 24th October 2003 and is responsible for Promotion strategies, Public Relations and Branding. The gross salary payable to her is Rs. 4,20,000 p.a.

Ms. Bhavana Nirmal, 26 years, Merchandiser, is a Commerce Graduate from the Mumbai University and holds a diploma in International Export Management from NMIMS. She has experience of more than three years in the field of export management. She was with Acme Global and pursuant to the takeover of the business of Acme Global by the Company, she was absorbed by the Company. She is in the fabric processing division and is in charge of all the

activities from the receipt of purchase order to its execution which spans from the sourcing of fabrics to chemicals, all factory related activities, pre and post shipment activities and co-ordination with shipment activities and co-ordination with buyers in relation to design and quality. The gross salary payable to her is Rs. 1,20,000 p.a.

Mr. D.L.Purohit, 45 years, Manager Accounts, is a Commerce graduate from the University of Jodhpur, Rajasthan. He has 23 years work experience in the field of accounts. He was previously employed at Dan Detergents Ltd. where he was the Factory Manager responsible for tasks like procurement of raw material, production planning, accounting and all activities relating to running of the factory. He joined the Company on 28th March 2004 and looks after all activities relating to daily accounting and inventory movement. He is also responsible for all legal matters relating to Studios. The gross salary payable to him is Rs. 3,00,000 p.a.

Mr. Pritesh Kumar Patel, 30 years, Head Marketing - East and North Regions, is an MBA Marketing from Pune University and a Part qualified ACCA from UK. He has 12 years work experience in the field of Business Development, Marketing and Sales. He was previously employed at Naman Optic Net (India) Pvt Ltd. where he was responsible for planning and implementation of marketing and business development strategies and setting up of internal controls. He joined the company on 18th November 2003 and looks after all activities related to operations, sales and marketing of the northern and eastern regions. The gross salary payable to him is Rs. 2,51,520 p.a.

Mr. Aniket Hirpara, 22 years, Company Secretary is also the Compliance Officer of the Company. He has the membership of Institute of Company Secretaries of India. He has around two years experience in various areas relating to Company Law and other related matters. He was previously employed with M/s. Hemanshu Kapadia & Associates, where he has handled various matters pertaining to Company Law, SEBI, Listing Agreements of the Stock Exchanges etc. The gross salary payable to him is Rs. 2,50,000 p.a.

Ms. Priti Ravindra, 29 years, Manager – Business Planning is a graduate from Mumbai University and holds a management degree from Mumbai University. She has also done a certification program in E-Business Web Developer from Algonquin College, Ottawa. She has around seven years of corporate experience in various areas of corporate and business planning at the domestic and international level. The gross salary payable to her is Rs. 7,20,000 p.a.

Mr. Ajay Kulkarni, 34 years, Head – Business Development (Retail) is a graduate from Mumbai University. He has an experience of around 14 years in the area of Business development and Franchisee development. He was previously employed with Giny Jony Apparels Pvt. Ltd., where he was heading the Business development. Prior to that he has worked in Crocodile products Pvt. Ltd. as Manager Franchise development. The gross salary payable to him is Rs. 9,00,000 p.a.

All the key management personnel are on the payrolls of the Company as permanent employees.

Shareholding of key managerial Personnel

The shareholding of the key employees of the Company as on the date of the Draft Red Herring Prospectus is as given below:

Name	Shares
Mr. J.K.Jain	6,600
Mr. Vinayak Chaudhary	750
Mr. Mukesh Agarwal	500
Ms. Aarti Poddar	200
Ms. Bhavna Nirmal	150
Mr. D.L.Purohit	500
Total	8700

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

Changes in Key Managerial personnel

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

Name	Date of joining	Date of resignation	Designation	Reason
Ms. Bhavna Nirmal	April 01, 2004*	-	Merchandiser	Appointed

Provogue (India) Limited

Mr. Aniket Hirpara	March 14, 2005	-	Company Secretary	Appointed
Ms. Preeti Ravindra	March 01, 2005	-	Manager- Business Planning	Appointed
Mr. Ajay Kulkarni	March 01, 2005	-	Head – Business Development (Retail)	Appointed
Mr. S. Raghunathan	October 21, 2002	January 25, 2005	Head-Marketing (South)	Resigned
Mr. Mantosh Roy	June 01, 2004	February 23, 2005	Head - Merchandising	Resigned

* an employee of Acme Global, which was taken over with effect from April 01, 2004

Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme as on date.

Payment or Benefit to Officers of the Company (non salary related)

There has been no such payment or benefit to the Officers of the Company. The Company has on March 04, 2005 issued 17,625 equity shares to the employee at a price of Rs. 70 per shares.

VI. Promoters

Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi, Mr. Akhil Chaturvedi, Mr. Nigam Patel, Mr. Deep Gupta and Mr. Rakesh Rawat have promoted Provogue India Limited. A brief profile of the promoters is given herewith:

Nikhil Anupendra Chaturvedi



Nikhil Chaturvedi, 36 years, Managing Director, is a Commerce graduate. He is the founder member of Provogue (India) Limited and has been responsible for its overall operations and growth since inception in November 1997. He has more than 14 years of experience in various facet of business. He has been instrumental in the development of the Company. He has been a hands on management person who has dealt with all the facets of the business since its inception. Prior to starting up the Provogue (India) Limited, Nikhil has also worked briefly with a leading ad agency i.e. ADFactors and a garment export house i.e. Metro Exports.

His driving licence no. is 90/17475.

Akhil Anupendra Chaturvedi



Akhil Chaturvedi, 40, Whole-time Director, is a Science graduate and holds a Masters Degree in Management Studies from S.P. Jain Institute of Management Studies. He is the founder member of Provogue (India) Limited and is currently looking after Corporate Planning, technology and supply chain function of the Company. He also plays a key role in all HR and Legal issues relating to the business of the Company. He has varied experience in the field of Marketing of FMCG and has worked with leading MNC's and Indian companies over a span of 9 years in companies such as WIMCO limited, Balsara, Ion Exchange India. He has been responsible for successful launch of many brands like Promise, Zero B etc. He has also worked with UK based Coopers & Lybrands Consulting Group on brand strategies.

His driving licence no. is 83761/93 and Voter ID no. is MT/04/024/003691.

Salil Anupendra Chaturvedi



Salil Chaturvedi, 33, Whole-time Director, is a Science graduate from Bombay University. A founder member of Provogue (India) Ltd, he has 12 years experience in garment designing, manufacturing and marketing. He has been responsible for the operations and vendor development programs for manufacturing and processing. He heads the Design Team and plays a key role in conceptualisation, planning and implementation of all marketing events. His past work experience involves handling various aspects of export business in the garment industry.

His driving licence no. is 1593622.

Deep Subhash Gupta



Deep Gupta, 37, Whole-time Director, is a Civil Engineer and an MBA from Ohio State University, USA. A founding member of Provogue (India) Ltd, he has been instrumental in the growth of Provogue. He is a specialist in the field of Finance and Administration and is mainly responsible for fund management and mobilization activities. He has played a key role in setting up of systems and process for operational accounts and has handled all matters relating to Banking and Finance. He has worked with TECS on project planning for about a year.

His driving licence no. is 1318473.

Nigam Anil Patel



Nigam Patel, 34, Whole-time Director, is a Commerce graduate. He is the founder member of Provogue (India) Limited and heads the sales function and is responsible for framing and implementation of the marketing plans. He has also played a key role in the creation of the distribution network and implementation of the exclusive store strategy. His prior work experience was with companies like Indian Market Research Bureau (IMRB) and Godrej and Boyce.

His driving licence no. is 88/W/36470.

Rakesh Rawat



Rakesh Rawat, 35, Whole-time Director, is an MBA, University of Rajasthan. He has been instrumental in the growth of Provogue. He is a specialist in the field of International Trade. He has been responsible for marketing, vendor management and fund management and mobilization activities. He has played a key role in setting up of systems and process for setting up the export business and all matters relating to Banking and Finance. He has worked with Andhi Marble Pvt. Ltd. & Saraswati Overseas handling their export business as export manager and Working Partner, Exports respectively.

His driving licence no. is RJ-14/DLL/957236.

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to NSE and BSE at the time of filing the Draft Red Herring Prospectus with them.

Relationship between the Promoters, Directors and Key Managerial Personnel

Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi & Mr. Akhil Chaturvedi are brothers and related to each other. Except as stated otherwise, there is no relation between any promoters, Director and Key Managerial Personnels of the company.

Common Pursuits

There are no common pursuits in the business of the Company and other Companies promoted by the Promoter other than as described in the Draft Red Herring Prospectus:

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company.

The Promoters are not interested in any property acquired by PIL within two years from the date of the Draft Red Herring Prospectus except as stated under the section on Business on page [●].

The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

The following companies/ firms/ ventures promoted by the promoters of Company and the promoters may be deemed to be interested in these companies:

Name of the Concern	Type of Concern	Interested party	Nature of Transaction
Floro Mercantile Pvt. Limited	Company	Nikhil Chaturvedi, Salil Chaturvedi, Akhil Chaturvedi, Nigam Patel, Deep Gupta	Purchases
Acme Hotels and Hospitality Pvt. Limited	Company	Nikhil Chaturvedi, Salil Chaturvedi, Akhil Chaturvedi, Nigam Patel, Deep Gupta	Has been made a 100% subsidiary of PIL with effect from January 18, 2005.
Acme Exports	Partnership	Nikhil Chaturvedi, Salil	Rent, Proposed

		Chaturvedi, Deep Gupta	acquisition of property and other business Relations
Acme Advertising	Partnership	Salil Chaturvedi	Advertisement Business Relation

Except as disclosed above and Related party transaction on Page [●], the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

The Company acquired the business of Acme Global, a partnership firm with effect from April 01, 2004 vide an agreement dated September 28, 2004. Acme Global, had Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi, Mr. Deep Gupta and Mr. Rakesh Rawat as its partners. The salient features of the Agreement pursuant to which the acquisition took place is covered under the head 'Other Agreements' on Page [●].

The consideration to be paid to the partners of Acme Global was taken as unsecured loans, out of which Rs. 2,49,88,500 was converted into Share Application money. The Company issued 4,99,770 Equity Shares against the share application money as follows:

Promoters	Shares
Mr. Nikhil Chaturvedi	99,955
Mr. Salil Chaturvedi	99,955
Mr. Deep Gupta	99,955
Mr. Rakesh Rawat	1,99,905
Total	4,99,770

Apart from the above there have been no payment or benefits to the Promoters of the Company.

Related Party Transactions

The details of related party transactions please refer to Annexure 17 of the Financial Statement on page ____.

Currency of Presentation

In this Draft Red Herring Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The details of dividend paid by the Company is as follows:

Year/ Period ended	Dividend %	Dividend Amount (Rs. In lacs)
September 30, 2004 (6 months)	Nil	Nil
March 31, 2004 (6 months)	Nil	Nil
September 30, 2003	10.00	23.68
September 30, 2002	Nil	Nil
September 30, 2001	Nil	Nil
September 30, 2000	5.00	2.03

E. FINANCIAL STATEMENTS

[to be updated for March 2005 figures]

Date: 17.03.2005

I. AUDITOR'S REPORT

The Board of Directors,
Provogue (India) Limited,
138-141, Government Industrial Estate,
Charkop, Kandivali (West),
Mumbai – 400 067.

A. a) We have examined the annexed financial information of Provogue (India) Limited ("the Company") (Formerly known as Acme Clothing Private Limited), for the four financial years ended September 30, 2003; period ended March 31, 2004 and six months period ended September 30, 2004 being the last date to which the accounts of the Company have been made up and audited by us. The financial statements for the period ended September 30, 2004 is approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the Issue').

b) In accordance with the requirements of

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
- (iii) Our terms of reference with the Company dated March 7, 2005 requesting us to carry out work in connection with the Offer Document as aforesaid,

We report that the restated assets and liabilities of the Company as at September 30, 2000, 2001, 2002, 2003, March 31, 2004 and September 30, 2004 are as set out in Annexure 1 to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure 3 and Notes to the Statements appearing in Annexure 4 to this report.

We report that the restated profits/losses of the Company for the financial years ended September 30, 2000, 2001, 2002, 2003; period ended March 31, 2004 and six months period ended September 30, 2004 are as set out in Annexure 2 to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure 3 and Notes to the Statements appearing in Annexure 4 to this report.

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

- i. Statement of Cash Flow as appearing in Annexure 5 to this report;
- ii. Statement of Operational Income as appearing in Annexure 6 to this report;
- iii. Statement of Other Income as appearing in Annexure 7 to this report;
- iv. Accounting Ratios as appearing in Annexure 8 to this Report;
- v. Statement of Unsecured Loans taken including that from related parties enclosed as Annexure 9 to this report;
- vi. Statement of Debtors including the related party debtors enclosed as Annexure 10 to this report;
- vii. Details of loans and advances showing the same with the Related Parties as appearing in Annexure 11 to this report;
- viii. Statement of Tax Shelters as appearing in Annexure 12 to this report;
- ix. Statement of Dividends paid for the last five years in Annexure 13 to this report ;
- x. Capitalization Statement as at September 30, 2004 as appearing in Annexure 14 to this report;
- xi. Statement of Secured Loans taken including that from related parties enclosed as Annexure 15 to this report.
- xii. Details of Contingent Liabilities as appearing in Annexure 16 to this report;
- xiii. Statement of Related Parties transactions enclosed as Annexure 17 to this report.

- C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements , has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Singrodia Goyal & Co.
Chartered Accountants

Suresh Murarka
Partner
M.No. F - 44739
Place: Mumbai
Date: March 17, 2005

PROVOGUE (INDIA) LIMITED
(Formerly known as Acme Clothing Private Limited)

The Company has changed its financial year from September ending to March ending. Hence the financial for the period ending March 31, 2004 are for a period of six months.

Annexure - 1 Statement of Assets & Liabilities (As Restated)

(Rs. in lakhs)

As at	30.09.04	31.03.04	30.09.03	30.09.02	30.09.01	30.09.00
A. Fixed Assets						
Gross Block	1168.05	801.43	842.39	379.99	100.73	71.84
Less : Depreciation	226.20	153.29	114.36	55.84	27.16	10.50
Net Block	941.85	648.14	728.03	324.15	73.57	61.34
Capital Work in Progress	227.11	288.37	0.00	53.00	186.67	0.00
	1168.96	936.51	728.03	377.15	260.24	61.34
B. Current Assets, Loans and Advances						
Inventories	2638.75	2140.23	1510.28	1103.20	861.36	435.13
Sundry Debtors	2025.50	548.58	441.41	494.05	432.09	288.76
Cash and Bank Balances	168.72	124.55	109.30	92.80	75.64	32.78
Loans and Advances	900.33	315.01	230.65	142.61	115.55	47.32
	5733.30	3128.37	2291.65	1832.66	1484.64	803.99
C. Liabilities and Provisions						
Secured Loans	3088.02	1904.71	1031.97	746.32	550.13	242.65
Unsecured Loans	100.62	118.49	86.61	188.72	161.81	94.03
Deferred Tax Liability (Net)	20.93	26.63	4.76	0.00	0.00	0.00
Current Liabilities and Provisions	2002.06	945.74	1069.79	638.59	388.70	355.19
	5211.63	2995.57	2193.13	1573.63	1100.64	691.87
D. Net Worth (A+B-C)	1690.63	1069.31	826.55	636.18	644.24	173.46
E. Represented by						
1. Share Capital	300.06	249.89	249.89	236.59	236.59	50.00
2. Share Application Money	224.00	115.00	0.00	0.00	9.16	80.00
3. Reserves	1708.57	1240.26	1112.62	1055.69	890.19	390.42
Less : Restatement Reserves	534.40	534.40	534.40	654.28	489.63	346.70
Less : Miscellaneous Expenses not written off	7.60	1.44	1.56	1.82	2.07	0.26
Net Worth	1690.63	1069.31	826.55	636.18	644.24	173.46

Note :

The fixed asset have not been revalued during any of the reported year-end / period.

Annexure-2
Statements of Profits & Losses (As Restated)

(Rs. in lakhs)

Particulars	6 months ended 30.09.04	6 months ended 31.03.04	Year ended 30.09.03	Year ended 30.09.02	Year ended 30.09.01	Year ended 30.09.00
A. Income						
Operational Income	5473.67	2738.32	4077.63	2871.16	2085.20	1403.95
Other Income	4.65	60.00	20.56	6.49	5.71	6.69
Increase / (Decrease) in Stocks	98.12	488.58	547.98	185.26	461.58	179.39
Total	5576.44	3286.90	4646.17	3062.91	2552.49	1590.03
C. Expenditure						
Cost of Raw Material Consumed/ Goods Sold	3472.87	1761.56	2456.56	1605.25	1554.99	501.97
Manufacturing Expenses	321.95	90.84	182.96	175.16	153.56	248.88
Excise Duty & Sales Tax	136.73	177.84	263.73	118.45	113.86	53.22
Personnel Expenses	122.66	105.80	123.09	83.92	70.03	46.82
Administrative & Other Expenses	173.10	167.43	222.71	156.55	175.86	161.82
Selling & Distribution Expenses	765.69	628.67	900.65	614.63	237.65	162.68
Interest & Financial Charges	134.76	123.82	122.75	92.96	66.30	24.44
Miscellaneous Expenditure Written Off	0.83	0.13	0.26	0.26	0.37	0.03
	5128.59	3056.09	4272.71	2847.18	2372.62	1199.86
D. Net profit before Depreciation, Tax and Extraordinary Items	447.85	230.81	373.46	215.73	179.87	390.17
Depreciation	87.28	57.79	66.54	36.73	16.66	9.49
Profit / (Loss) before Tax	360.57	173.02	306.92	179.01	163.21	380.68
Provision for taxation						
- Current tax	91.00	21.25	23.50	13.50	11.00	15.00
- Deferred tax	(5.70)	21.87	87.11	0.00	0.00	0.00
- Previous year taxes	7.66	2.26	8.69	0.00	0.00	0.00
Profit / (Loss) after tax as per Audited Financial Statements	267.61	127.64	187.62	165.51	152.21	365.68
Adjustment on Account of Changes in Accounting Policy	0.00	0.00	119.88	(164.65)	(142.93)	(319.36)
	267.61	127.64	307.50	0.86	9.28	46.32
Dividend on Shares	0.00	0.00	23.68	0.00	0.00	2.03
Tax on Dividend	0.00	0.00	3.03	0.00	0.00	0.45
	267.61	127.64	280.79	0.86	9.28	43.84
Add : Balance brought from previous year	231.94	104.31	53.86	53.00	43.72	(0.12)
Less : Deferred Tax Liability as on 01.10.2002	0.00	0.00	230.33	0.00	0.00	0.00
Balance carried to Summary of Assets and Liabilities	499.55	231.94	104.31	53.86	53.00	43.72

**Annexure-3
Significant Accounting Policies**

a) Basis of Accounting:

The Financial Statements have been prepared under the historical cost convention on an accrual basis and in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b) Fixed Assets:

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing cost related to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to put to use.

c) Depreciation:

- i) Depreciation on Fixed Assets is provided on 'Written Down Method' at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.
- ii) Fixed assets acquired on lease basis are amortised over the period of lease term.

d) Inventories:

Inventories are valued as follows:

- i) Finished goods are valued at lower of cost or estimated net realisable value.
- ii) Raw Materials and Work-in-Process are valued at cost.
- iii) Accessories and Packing Materials are valued at cost.

e) Miscellaneous Expenditure:

Preliminary expenditure incurred prior to 31st March, 2004 are amortised over a period of 10 years from the financial year in which it is incurred and Preliminary expenditure incurred after 31st March, 2004 are amortised over a period of 5 years from the financial year in which it is incurred.

f) Treatment of Contingent Liabilities:

- i) Contingent Liabilities in respect of show cause notices received are considered only when they are converted into demands. Payments in respect of such demands, if any are shown as advances.
- ii) Contingent Liabilities under various fiscal laws includes those in respect of which the company/department is in appeal.
- iii) Contingent Liabilities are disclosed by way of notes.

g) Accounting For Taxation On Income

Provision for taxation for the period comprises of current tax and deferred tax. Current tax is the amount of income tax determined to be payable in respect of taxable income for the period. Deferred tax is the tax effect of time difference, which is recognised using current tax rates & tax laws that have been enacted as on the Balance Sheet date.

h) Foreign Currency Transaction

- i) The transaction in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transaction.

- ii) All monetary foreign currency assets/ liabilities are translated in Indian Currency at the rate prevailing on the date of balance sheet. The premium in respect of forward contract is accounted over the period of contract.
- iii) The net gain or loss on account of any exchange difference arising on settlement / conversion are recognized in the Profit & Loss Account.
- iv) The premium in respect of forward contract is accounted over the period of the contract.

Annexure - 4

Notes to statement of Assets & Liabilities and Profit & Loss Accounts

a) Change in Accounting Policy

As per the accounting policy followed by the Company upto 30th September, 2003 the expenses incurred during the initial period of three years of promotion of new brands and new products were amortized over a period of four years including the year in which they are incurred and expenses incurred during the initial period of one year of new studio stores towards minimum guarantee returns or equivalent rent over the actual commission / equivalent commission due on sales were amortized over a period of three years including the year in which they are incurred. . However, during the period ended March 2004 the Company has changed its policy and has decided to written off such expenses in the year in which they are incurred. Accordingly the expenses not written off up to 30th September 2003 amounting to Rs. 847.06 lacs have been written off against revenue reserves. Consequent to the change in method of accounting for Deferred Revenue Expenditure as referred to above, the effect on the profits/reserves for the years/period ended is as under:

(Rs. In Lacs)				
Year/ period ended on		Selling and Distribution Expenditure higher by	Deferred Tax Liability lower by	Reserves lower/(higher) by
a.	30.09.2000	319.36	Nil	319.36
b.	30.09.2001	142.93	Nil	142.93
c.	30.09.2002	164.65	Nil	164.65
d.	30.09.2003	192.79	312.67	(119.88)

- b) The company has acquired the business of M/s. Acme Global, a Partnership Firm in which the directors of the company are interested as partners, as a going concern, whose business includes export of fabrics, chemicals and other merchandise, w.e.f 1st April, 2004 vide agreement dated 28th September, 2004.

In accordance with the said agreement:

- i) All the assets and liabilities of the erstwhile firm stands transferred and vested in the Company at their respective book value except balance payable to the erstwhile firm which gets nullified.
 - ii) Balance of Partners Capital Account are considered as unsecured loans in the Company.
 - iii) Pending completion of the formalities of transfer of titles of assets and liabilities acquired, such assets and liabilities are included in the books of the Company under the name of the erstwhile firm.
 - iv) In view of the aforesaid agreement of acquisition w.e.f. 01.04.2004 the figures of the current period are not comparable with those of the previous period.
- c) In the opinion of the Board the Current Assets, Loans & Advances are approximately of the value stated and are realisable in the ordinary course of business. The Provision for all known liabilities is adequate.

d) Earning Per Share: As per Annexure – A attached

e) Deferred Tax:

In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the company has recognised Deferred Taxes during the year /period ended 30th September, 2003, 31st March, 2004 and 30th September, 2004

	(Rs. In Lacs)		
Deferred Tax Liability/ (Asset)	30.09.2003	31.03.2004	30.09.2004
On account of Depreciation	4.76	26.63	20.93
Deferred Tax Liability / (Assets)	4.76	26.63	20.93

- f) In accordance with Accounting Standard 19 : "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired on Finance lease on or after April 1, 2001 are capitalized and a liability is recognised for an equivalent amount. Consequently depreciation is provided on such leases. Lease rentals paid are allocated to the liability and the interest charged to Profit & Loss Account. The minimum lease rentals payable as at 30th September, 2003, 31st March, 2004 and 30th September, 2004, are as follows:

	(Rs. in Lacs)		
	30.09.2003	31.03.2004	30.09.2004
Minimum Lease Payments			
Not later than one year	53.49	53.49	75.13
Later than one year but not later than five years	192.55	166.06	248.47
Total	246.04	219.55	323.60
Less : Future Finance Charges	53.27	43.10	65.11
Present Value of Minimum Lease Payments	192.77	176.45	258.49

Present value of Minimum Lease Payments: -

	(Rs. in Lacs)		
	30.09.2003	31.03.2004	30.09.2004
Present value of Minimum Lease Payment			
Not later than one year	34.76	35.74	49.39
Later than one year but not later than five years	158.01	140.71	209.10
Total	192.77	176.45	258.49

g) Segmental Information

- i) Primary (Business) Segment

As the Company's business consists of one reportable business segment Manufacturing, Trading and Selling of Textile products, hence no separate disclosures pertaining to attributable Revenues, Profits, Assets, Liabilities Capital Employed are given.

- ii) Secondary (Geographical) Segment

Secondary segment reporting is performed on the basis of geographical location of the customers. The operation of the Company comprises local sales and export sales. The management views the Indian market and export market as distinct geographical segments. The following is the distribution of the Company's sale by geographical markets:

	(Rs. In Lacs)
Revenues, net	30.09.2004
India	3006.07
Export (on FOB basis)	2246.97
Total	5253.04

The following is the carrying amount of segment assets and additions to fixed assets by geographical area in which the assets are located :

	(Rs. In Lacs)
Carrying amount of segment assets as at 30.09.2004	
India	5638.04
Outside India	1271.72

Carrying amount of segment assets outside India represents receivables from export sales.

h) Events Occurring after the Balance Sheet date:

- Authorised and Paid Up Capital**
 At the date of signing of these Accounts (i.e. 30.09.2004), the Company has an Authorised Capital of Rs.18,00,00,000/- (divided into 1,80,00,000 Equity Shares of Rs. 10 each) and Paid up Capital of Rs. 12,14,82,060/- (divided into 1,21,48,206 Equity Shares of Rs. 10 each) out of which a capital of Rs. 7,05,78,860/- (70,57,886 Equity Shares of Rs. 10/-) each were issued as fully paid up bonus shares by capitalisation of Share Premium Account of Rs. 4,73,91,700/- and balance of Profit & Loss Account of Rs. 2,31,87,160/-.
- Change of Name:**
 The Company was converted into a public Limited Company and its name was changed to “**Provogue (India) Limited**” effective from 14th March, 2005 consequent upon approval by Shareholders for change of status and name at the extra ordinary general meeting held on 2nd March, 2005.
- Subsidiary Company :**
 The Company acquired the entire equity of **M/s. Acme Hotel and Hospitality Private Limited** and as a consequence the said company has become a wholly owned subsidiary of the Company w.e.f. 18th January, 2005.

Annexure - A

Earning Per Share : For the year/ period ended on

	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04
A. Weighted average number of Equity Shares of Rs. 10/- each						
i) Number of shares at the beginning of the year	135100	500000	2365860	2365860	2498860	2498860
ii) Number of shares at the end of the year	500000	2365860	2365860	2498860	2498860	3000630
iii) Weighted average number of Equity Shares outstanding during the year	1300104	4148989	7570752	7576582	7996352	8022674
B. Net Profit after tax available for Equity Shareholders	46.32	9.28	0.85	307.50	127.64	267.61
C. Basic and diluted income / (Loss) per share (in rupees) {B/A(iii)}	3.56	0.22	0.01	4.06	3.19	6.67

Note :

- The Company does not have any dilutive potential equity per shares. Consequently the basic and diluted loss / earning per share of the company remain the same.
- Earning per share (EPS) is calculated after adjusting for 7057886 bonus shares issued, vide resolution passed at the extra ordinary general meeting held on 01.02.2005, with retrospective effect as provided in Accounting Standard (AS –20) – earning Per share

Annexure-5
Statement of Cash Flows from the Restated Financial Statements

(Rs. in lakhs)

Particulars	Period ended 30.09.04	Period ended 31.03.04	Year Ended 30.09.03	Year Ended 30.09.02	Year Ended 30.09.01	Year ended 30.09.00
Cash Flow from Investing						
A. Activities:						
Net Profit after tax and before extraordinary items	261.91	149.51	81.94	0.85	9.28	46.32
Adjustments for :						
Depreciation	87.28	57.79	66.54	36.73	16.66	9.49
Interest Expenses	134.76	123.82	122.75	92.96	66.30	24.44
Amortisation of Miscellaneous Epxenses	0.83	0.13	0.26	0.25	0.36	0.04
Interest Income	(3.00)	(2.78)	(4.47)	(3.63)	(2.24)	(6.69)
Profit on sale of assets	(0.18)	(56.62)	(5.41)	(2.12)	0.00	0.00
Operating profit before working capital changes	481.60	271.85	261.61	125.04	90.36	73.60
Adjustments for :						
Trade and other receivables	(1,476.92)	(107.17)	52.63	(61.95)	(143.34)	(236.21)
Inventories	(498.52)	(629.95)	(407.08)	(241.84)	(426.23)	(318.96)
Trade Payables	1,083.02	(124.05)	404.50	249.87	36.01	234.72
Loans and Advances	(585.32)	(84.36)	(88.04)	(27.07)	(68.23)	(24.97)
Net Cash from operating activities	(996.14)	(673.68)	223.62	44.05	(511.43)	(271.82)
Cash Flow from Investing						
B. Activities:						
Preliminary Expenditure	(7.00)	0.00	0.00	0.00	(2.18)	0.00
Purchase of fixed assets	(331.78)	(444.38)	(421.96)	(159.80)	(215.56)	(54.45)
Sale of fixed assets	12.23	234.74	9.94	8.28	0.00	0.00
Interest Received	3.00	2.78	4.47	3.63	2.24	6.69
Net Cash used in investment activities	(323.55)	(206.86)	(407.55)	(147.89)	(215.50)	(47.76)
Cash Flow from Financing						
C. Activities:						
Proceeds from issuing shares	159.17	115.00	13.30	(9.16)	115.75	82.99
Proceeds from borrowings	1,165.45	904.61	183.54	223.11	375.25	292.47
Increase in Share Premium	200.70	0.00	126.35	0	347.57	0
Financing Charges	(134.76)	(123.82)	(122.75)	(92.96)	(66.30)	(24.44)
Dividend Paid including tax thereon	(26.71)	-	-	-	(2.48)	-
Net Cash used from financing activities	1,363.85	895.79	200.44	120.99	769.79	351.02
Net increase in cash and cash equivalents	44.17	15.25	16.51	17.15	42.86	31.44
Cash and Cash equivalents (Opening)	124.55	109.30	92.80	75.64	32.78	1.34
Cash and Cash equivalents (Closing)	168.72	124.55	109.31	92.80	75.64	32.78

Annexure - 6
Details of Operational Income

(Rs. In Lacs)

Particulars	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04
Sales	1403.95	2085.20	2871.16	4029.75	2655.62	5253.04
Job Work/Labour Charges	0.00	0.00	0.00	15.07	3.17	0.00
Lounge Bar Sales	0.00	0.00	0.00	32.81	0.00	0.00
Royalty Received	0.00	0.00	0.00	0.00	79.53	5.51
Foreign Exchange Fluctuation	0.00	0.00	0.00	0.00	0.00	0.00
Export Benefits & Incentives	0.00	0.00	0.00	0.00	0.00	176.40
Gain on Foreign Exchange Rate Difference	0.00	0.00	0.00	0.00	0.00	38.73
	1403.95	2085.20	2871.16	4077.63	2738.32	5473.67

Note : In the absence of adequate information the sales cannot be divided into Manufacturing Sales and Trading Sales.

Annexure - 7
Details of Other Income

(Rs. In Lacs)

Particulars	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04	Remarks
Interest Received	6.69	2.24	3.63	4.47	2.78	2.40	Recurring
Profit on sale of Fixed Assets	0.00	0.00	2.12	5.41	56.62	0.18	Non-recurring
Income from Unredeemed Coupons	0.00	0.00	0.00	10.68	0.00	0.00	Non-recurring
Sundry Balances written back	0.00	0.43	0.41	0.00	0.00	0.00	Non-recurring
Income Tax Refund	0.00	0.00	0.34	0.00	0.00	0.00	Non-recurring
Rent Received	0.00	0.00	0.00	0.00	0.60	0.60	Recurring
Others	0.00	3.04	0.00	0.00	0.00	0.41	Non-recurring
Profit on Foreign Exchange Forward Contract	0.00	0.00	0.00	0.00	0.00	1.06	Non-recurring
	6.69	5.71	6.49	20.56	60.00	4.65	

Annexure - 8
Mandatory Accounting Ratios

Particulars	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04**	30.09.04**
Earning Per Share (EPS) (Rs.)	3.56	0.22	0.01	4.06	3.19	6.67
Cash Earning Per Share (Rs.)	4.29	0.63	0.50	6.09	5.18	8.71
Return on Net Worth (%)	26.70%	1.44%	0.13%	37.20%	11.94%	15.83%
Net Asset Value Per Share (Rs.)	34.69	27.23	26.89	33.08	42.79	21.14

Notes :

1. Earning per share (EPS) is calculated after adjusting for 7057886 bonus shares issued, vide resolution passed at the extra ordinary general meeting held on 1st February, 2005, with retrospective effect as provided in Accounting Standard (AS –20) – Earning

2. EPS = a/b

Cash Earning Per Share = c/b

Return on Net Worth = a/d %

Net Asset Value Per Share = e/b

a. Net Profit after Tax

b. No. of Equity Shares

c. Cash Earning = Net Profit after Tax *add* Depreciation, Preliminary Expenses written off and Deferred Tax Liability

d. Net Worth = Equity Share Capital *plus* Reserves & Surplus *less* Miscellaneous Expenditure to the extent not written off

e. Net Asset = Equity Share Capital *plus* Reserves & Surplus *less* Miscellaneous Expenditure to the extent not written off

****The ratios are annualised except Net Asset Value per Share**

Annexure - 9

Statement of Unsecured Loans:

Particulars	(Rs. In Lacs)					
	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04
1. Trade Deposits (See Note 1 below)	15.00	31.50	28.37	49.17	58.13	42.27
2. From Directors and Associate Companies & Firms (See Note below)	79.03	130.31	160.35	12.04	60.36	58.35
3. Inter Corporate Deposit	0.00	0.00	0.00	25.40	0.00	0.00
	94.03	161.81	188.72	86.61	118.49	100.62

Note:

1. Interest free amount collected from Studios as Security Deposit in respect of the supplies made to them. The same is repayable as and when the Studio is terminated cancelled after adjusting the amount receivable by the Company towards supply of goods.

2. Interest free loans taken are 'on call', there are no stipulation regarding their repayments.

3. Inter Corporate Deposit as at 30.09.2003 shall be repayable in 120 days along with interest @13.50%.

Annexure - 10

Age-wise Analysis of Sundry Debtors

(Rs. In Lacs)

Age wise Break-up	As at					
	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04
More than six months	2.8	75.15	74.37	72.18	141.12	1834.94
Less than six months	285.96	356.94	419.68	369.23	407.46	190.56
Total	288.76	432.09	494.05	441.41	548.58	2025.5

The above figures includes Rs. 7.21 Lacs and Rs. 35.58 Lacs due from M/s. Acme Exports in which directors are interested for the year ended as on 30.09.2003 and period ended as on 31.03.2004 respectively.

Annexure - 11

Loans and Advances (Unsecured, considered Good)

(Rs. In Lacs)

Particulars	As at					
	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04
1. Advance recoverable in cash or kind or for value to be received	36.75	76.53	58.87	143.84	193.64	760.47
2. Deposits	10.57	39.02	83.74	86.81	121.37	139.86
Total	47.32	115.55	142.61	230.65	315.01	900.33

Advance recoverable in cash or in kind or for value to be received for the period ended on 30.09.2004 includes Rs. 34.56 Lacs due from M/s. Acme Advertising, a firm in which some directors are interested.

Annexure - 12

Statement of Tax shelters

(Rs. In Lacs)

Year Ending March 31st	2004	2003	2002	2001	2000
Tax Rate	35%	35%	35%	35%	35%
Surcharge	2.5%	5%	2%	13%	10%
Net Profit after Tax & Extra Ordinary items	393.9	199.33	186.59	168.59	2.64
Tax at Notional Rate	141.31	73.25	66.61	66.68	1.02
Adjustments :					
Difference between Tax Depreciation and Book Depreciation	(26.58)	(9.10)	0.25	(0.89)	3.14
Difference between DRE incurred and Written off	51.90	160.69	96.90	290.58	-
Other Adjustments	276.79	1.48	(18.35)	(16.59)	(1.93)
Net Adjustments	302.11	153.07	78.80	273.10	1.21
Tax Saving thereon	108.38	56.25	28.13	108.01	0.47
Total Taxation	32.93	17.00	38.48	(41.33)	0.55
Taxation on extraordinary items	-	-	-	-	-
Tax on profits before extraordinary items	32.93	17.00	38.48	(41.33)	0.55
Profit and Loss as per Income Tax Returns	291.95	46.27	107.78	(104.50)	1.95
Brought Forward Losses Adjusted	-	-	104.50	-	-
Taxable Loss/Income	91.80	46.27	3.28	(104.50)	1.43
Taxable Income as per MAT	393.90	19.93	202.09	184.59	0.79
Tax as per Income Tax Returns	32.93	17.00	15.46	15.64	0.55

Annexure – 13
Statement of Dividends paid for the last Five Years

(Rs. In Lacs)				
Year ended	Equity Share Capital	Dividend Amount	Tax on Dividend	Dividend %
Period ended 30.09.2004	300.06	Nil	Nil	Nil
Period ended 31.03.2004	249.89	Nil	Nil	Nil
30.09.2003	249.89	23.68	3.03	10.00
30.09.2002	236.59	Nil	Nil	Nil
30.09.2001	236.59	Nil	Nil	Nil
30.09.2000	50.00	2.03	0.45	5.00

Annexure - 14
Capitalization Statement

(Rs. In Lacs)	
Particulars	Pre Issue As at 30.09.2004
Shareholder's Funds	
Equity Share Capital	300.06
Share Application Money	224.00
Reserves & Surplus	1708.57
Less : Miscellaneous Expenditure to the extent not written off	7.60
Total Shareholders' Funds	2225.03
Borrowings	
Secured	
Short Term Debts	1892.84
Long Term Debts	1195.18
Unsecured Debts	100.62
Total Borrowings	3188.64
Debt/ Equity Ratio	1.43

The post-issue capitalization cannot be determined till the completion of the book building process.

Annexure -15

Details of Secured Loans

Particulars of Loan	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04
<u>1. Term Loans</u>						
From Banks						
Andhra Bank	-	-	-	-	480.83	704.01
Corporation Bank	-	-	-	-	120.24	97.66
State Bank of India	-	-	200.00	138.84	-	-
Sub Total	0.00	0.00	200.00	138.84	601.07	801.67
<u>2 Cash Credit Account</u>						
Andhra Bank	-	-	-	-	521.23	858.01
Corporation Bank	-	-	-	-	458.75	561.13
State Bank of India	-	545.88	528.46	662.67	-	-

Syndicate Bank	229.86	-	-	-	-	-
HDFC	-	-	-	26.20	7.17	0.00
Citi Bank	-	-	-	0.00	0.00	473.70
Sub Total	229.86	545.88	528.46	688.87	987.15	1892.84
3. Hire Purchase						
American Express Bank Ltd.	6.44	1.31	-	-	-	-
Kotak Mahindra Primus Ltd.	6.35	2.94	-	-	-	-
HDFC Bank	-	0.00	11.92	8.18	18.83	12.50
ICICI Bank	-	0.00	5.94	3.31	34.42	122.95
	12.79	4.25	17.86	11.49	53.25	135.45
Lease Finance						
Bank of India	-	-	-	192.77	263.24	258.06
	0.00	0.00	0.00	192.77	263.24	258.06
Total Secured Loans	242.65	550.13	746.32	1031.97	1904.71	3088.02

Details of Secured Loans outstanding as on September 30, 2004.

Rs. (Lacs)

Particulars of Loan	Bank	Nature of Loan	Sanctioned Amount	Amount Outstanding	Rate of Interest P.A. (%)	Repayment of Terms	Securities Offered
1. Corporate Loans / Term Loans from Banks	Andhra Bank	Corporate Loan - I / FCTL	90	50.22	12.50% or (3 Months LIBOR + 4.00 +Forward Premium +Service Charges, Minimum 7% p.a. for FCTL)	24 monthly installments. Interest shall be paid separately as and when due.	All the primary/ collateral securities for all other facilities shall be extended to this facility also on pari-passu basis with Corporation Bank
		Corporate Loan II / FCTL	120.00	112.45	12.50% or (3 Months LIBOR + 4.00 +Forward Premium +Service Charges, Minimum 7% p.a. for FCTL)	36 monthly installments. Interest shall be paid separately as and when due.	All the primary/ collateral securities for all other facilities shall be extended to this facility also on pari-passu basis with Corporation Bank
		Corporate Loan III / FCTL	400.00	422.30	9.25% or (3 Months LIBOR + 4.00 +Forward Premium +Service Charges, Minimum 7% p.a. for FCTL)	36 monthly installments. Interest shall be paid separately as and when due.	Exclusive First Charge on Credit Card receivables of the Company from VISA and Master Card.

		Corporate Loan - IV /FCTL	120.00	119.05	12.75% (3 Months LIBOR + 4.00 +Forward Premium +Service Charges, Minimum 7% p.a. for FCTL)	60 monthly installments. Interest shall be paid separately as and when due.	All the primary/ collateral securities for all other facilities shall be extended to this facility also on pari-passu basis with Corporation Bank
		Term Loan/ FCTL	228.00	0.00	12.75% (3 Months LIBOR + 4.00 +Forward Premium +Service Charges, Minimum 7% p.a. for FCTL)	60 monthly installments. Interest shall be paid separately as and when due.	Equitable mortgage of land & building and hypothecation of plant & machinery and other fixed assets of Dehradun unit with a project cost of Rs. 550.00 Lacs on pari-passu basis with Corporation Bank
	Corpora tion Bank	Corporate Loan I	60.00	30.33	13.00%	25 equated monthly installments. Interest shall be paid separately as and when due.	All the primary/ collateral securities for all other facilities also on pari-passu basis with Andhra Bank
		Corporate Loan II	80.00	67.32	13.00%	54 equated monthly installments. Interest shall be paid separately as and when due.	All the primary/ collateral securities for all other facilities also on pari-passu basis with Andhra Bank
		Corporate Loan IV	80.00	0.00	11.75%	54 equated monthly installments. Interest shall be paid separately as and when due.	All the primary/ collateral securities for all other facilities also on pari-passu basis with Andhra Bank
		Term Loan I	152.00	0.00	11.75%	53 monthly installment of Rs. 2.81 Lacs each and last one installment of Rs. 3.07 Lacs. Interest shall be paid separately as	Equitable mortgage of land & building and hypothecation of plant & machinery and other fixed assets of New Unit with a

						when due.	project cost of Rs. 550.00 Lacs on pari-passu basis with Andhra Bank
Total			1330.00	801.67			
2. Working Capital Facility	Andhra Bank	Open Cash Credit	180	129.61	12.50%	Hypothecation of stock of raw material, WIP, semi finished goods and finished goods of cloth/ fabrics/ ready made garments etc.	
		WCDL/FCL	720	728.40	12.5% (3 Months LIBOR + 4.00 +Forward Premium +Service Charges, Minimum 7% p.a. for FCL)	Hypothecation of stock of raw material, WIP, semi finished goods and finished goods of cloth/ fabrics/ ready made garments etc.	
	Corporation Bank	Cash Credit cum WCDL(WCDL SHOULD BE ATLEAST 60%)	650.00	561.13	11.25%	Hypothecation of entire inventory and book debts of the Company on pari-passu basis with Andhra Bank.	
	Citi Bank	Packing Credit facility/ Post Shipment	485.00	473.70	LIBOR + 0.75%	Demand Promissory Note and Letter of Continuity for Rs. 485 Lacs (b) First Charge on all Stock & Book Debt & Personal Guarantee of Directors (d) Guarantee of Acme Export (e) First Charge on all Future Fixed Asset	
Total			2035.00	1892.84			
3. Lease Finance Loans	Bank of India	Lease Finance	300.00	258.08		10 % of the asset value upfront	
Total			300.00	258.08			
4. Hire Purchase Loans	HDFC Bank	Hire Purchase Loans	-	12.50		Secured by Specific Asset	
	ICICI Bank	Hire Purchase Loans	-	122.95		Secured by Specific Asset	
Total			0.00	135.44			

**Annexure - 16
Contingent Liabilities**

Particulars	Rs in Lacs					
	30.09.00	30.09.01	30.09.02	30.09.03	31.03.04	30.09.04
Letter of Credit outstanding	138.58	92.53	54.96	14.61	12.75	9.75
Bank Guarantee	1.00	1.50	20.45	46.35	33.85	31.15
Total	139.58	94.03	75.41	60.96	46.60	40.90

Annexure - 17

Information on related party disclosures as per the AS-18 (Accounting Standard 18 on related party disclosures) is given below: Rs. In Lacs.

1. For the year ended 30.09.2002

a. Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	Director

b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transaction during the year.

- Floro Mercantile Private Limited
- Acme Advertising
- Appearance International
- Acme Exports
- Acme Global
- Rakesh Rawat

c. Nature of Transaction	Refer to (a) above	Refer to (b) above
Purchases	-	-
Sales	-	42.48
Job Charges Paid	-	82.37
Advertisement Expenses	-	133.39
Directors Remuneration	7.20	-
Unsecured Loans Taken	38.15	100.35
Repayment of Loans Taken	32.65	132.23

Note :Related Parties as disclosed by Management and relied upon by auditors.

2. For the year ended 30.09.2003

a. Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	Director

b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transaction during the year.

- Floro Mercantile Private Limited
- Acme Advertising
- Appearance International
- Acme Exports
- Acme Global
- Rakesh Rawat

c. Nature of Transaction	Refer to (a) above	Refer to (b) above
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Purchases	-	41.77
Sales	-	3.39
Rent Paid	-	0.60
Job Charges Paid	-	31.68
Advertisement Expenses	-	231.75
Directors Remuneration	9.45	-
Unsecured Loans Taken	60.97	246.82
Repayment of Loans Taken	62.50	324.06

Note : Related Parties as disclosed by Management and relied upon by auditors

3. For the period ended 31.03.2004

a. Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	Director

b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transaction during the year.

- Acme Hotel & Hospitality Private Limited
- Floro Mercantile Private Limited
- Acme Advertising
- Acme Exports
- Acme Global
- Rakesh Rawat

c. Nature of Transaction	Refer to (a) above	Refer to (b) above
Purchases	-	50.91
Sales	-	0.76
Rent Paid	-	0.57
Rent Received	-	0.60
Royalty Received	-	3.99
Job Charges Received	-	3.17
Advertisement Expenses	-	127.90
Directors Remuneration	6.00	-
Unsecured Loans Taken	57.02	-
Repayment of Loans Taken	12.76	-

Note : Related Parties as disclosed by Management and relied upon by auditors.

4. For the period ended 30.09.2004

a. Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	Director

Mr. Rakesh Rawat	Director
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- b. **Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transaction during the year.**

- Acme Hotel & Hospitality Private Limited
- Floro Mercantile Private Limited
- Acme Advertising
- Acme Exports

c. Nature of Transaction	Refer to (a) above	Refer to (b) above
Purchases	-	126.56
Sales	0.19	0.16
Rent Paid	0.79	0.57
Rent Received	-	0.6
Royalty Received	-	5.51
Advance against Expenses	-	34.56
Advertisement Expenses	-	62.35
Directors Remuneration	6.00	-
Unsecured Loans Taken	330.49	6.90
Repayment of Loans Taken	401.04	0.39

Note : Related Parties as disclosed by Management and relied upon by auditors.

Financial Information of Group Companies

1) ACME EXPORTS

Acme Exports is a partnership firm and was formed and registered on January 5, 1994. The partners of Acme Exports comprises of Mr. Nikhil Chaturvedi, Mr. Salil Chaturvedi, Mr. Deep Gupta & Mr. Dhiraj Gupta sharing Profits & Losses in the ratio of 7:3:7:3 respectively.

Acme Exports is in the business of dealing, manufacturing, exporting and importing of garments and textiles since 1994.

The brief financials results of Acme Exports are set out below:

	(Rs. In Lakhs)			
Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Period ended September 30, 2004
Sales	1082.73	1112.29	864.49	390.04
Other Income	79.41	2.30	1.17	5.31
Net Profits	28.93	11.27	6.09	2.17
Partner's Capital	512.19	440.78	408.40	406.09

2) Acme Advertising

Acme Advertising is a partnership firm and was formed and registered on July 08, 1999. The partners of Acme Advertising comprises of Mr. Salil Chaturvedi & Ms. Shital Chaturvedi sharing Profits & losses in the ratio of 1:1.

Acme Advertising is in the business of Hiring Hoarding, Hiring space in media, Advertising and other related business activities.

The Brief financial results of Acme Advertising are set out below:

	(Rs. In Lakhs)			
Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended September 30, 2004
Sales	99.46	196.58	176.99	55.24
Other Income	0.00	0.49	0.45	0.11
Net Profit	0.22	0.95	0.04	0.64
Partner's Capital	7.05	8.92	9.52	10.16

3) Appearance International

Appearance International is a Sole Proprietary Concern of Mr. Salil Chaturvedi and is in the business of trading in textile fabrics. Previously it was involved in the business of export of textile and apparels.

The Brief financial results of Appearance International are set out below:

	(Rs. In Lakhs)			
Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Period ended September 30, 2004
Sales	33.46	4.14	37.64	0.00
Net Profit / (Loss)	(9.11)	(5.61)	(5.10)	(2.61)
Partners Capital Account	(59.60)	(66.75)	(62.73)	(61.75)

4) Floro Mercantile Private Limited

Floro Mercantile Private Limited is a company incorporated under the Companies Act. The date of incorporation is October 9, 2000. The Company is in the business of trading, distribution, commission agent, import, export of various products.

The Shareholding Pattern of Floro Mercantile Private Limited as on September 30, 2004 is set out below:

Shareholders	No. of Shares	%
Nikhil Chaturvedi	3115	31.15%
Salil Chaturvedi	3114	31.14%
Akhil Chaturvedi	1257	12.57%
Deep Gupta	1257	12.57%
Nigam Patel	1257	12.57%

The above five shareholders are also Directors of Floro Mercantile Private Limited.

The Brief financial results of the company is set out below:

Particulars	(Rs. In Lakhs)			
	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Period ended September 30, 2004
Total Income	1.06	0.00	38.91	13.12
PAT	0.39	(0.48)	(1.27)	12.87
Share Capital	0.02	1.00	1.00	1.00
Share Appln. Money	6.10	5.12	5.12	5.12
Net Worth*	0.15	0.65	(0.61)	12.26
EPS (Rs.) (Basic)	3.90	(4.80)	(12.72)	128.70
NAV (Rs.)	75.00	6.50	(6.10)	122.60

* excluding share application money

5) Prozone Enterprises Private Limited

Prozone Enterprises Private Limited is a company incorporated under the Companies Act. The date of incorporation is November 9, 2004. The Company is in the business of retailing.

The Shareholding Pattern of Prozone Enterprises Private Limited is set out below:

Shareholders	Shares	%
Nikhil Chaturvedi	4000	40%
Salil Chaturvedi	4000	40%
Akhil Chaturvedi	2000	20%
Total	10000	100%

The above three shareholders are also directors of Prozone Enterprises Private Limited

Brief Financials:

The company was incorporated recently in November 2004 and is yet to commence operations.

6) Flowers, Plants & Fruits (India) Private Limited

Flowers, Plants & Fruits (India) Private Limited is a company incorporated under the Companies Act. The date of incorporation is March 10, 1995. The Company is in the business of horticulture and agriculture.

The Shareholding Pattern of the company as on September 30, 2004:

Shareholders	Shares	%
Shital Chaturvedi	5000	50%
Salil Chaturvedi	5000	50%
Total	10000	100%

The above shares were acquired on March 17, 2004, pursuant to which it became a group company.

The above two shareholders are also the directors of Flowers, Plants & Fruits (India) Private Limited.

The Brief financial results of Flowers, Plants & Fruits India Private Limited is set out below:

(Rs. In Lakhs)

Particulars	Year ended March 31, 2004	Period ended September 30, 2004
Total Income	0.00	0.00
PAT	(0.02)	(0.02)
Capital	1.00	1.00
Net Worth	0.69	0.67
EPS (Rs.)	(0.24)	(0.17)
NAV (Rs.)	6.85	6.68

7) Manali Developers

Manali Developers is a partnership firm and was formed and registered on September 15, 1987. On April 1, 2000 a fresh partnership deed was entered into pursuant to the retirement of Smt. Sushilabai Gupta. The current partners of Manali Developers comprises of Mr. Suresh Udaychand Gupta, Mr. Santosh Subhash Gupta, Mr. Deep Subhash Gupta & Mr. Amit Suresh Gupta sharing profits and losses in the ratio of 1:1:1:1 respectively.

Manali Developers is in the business of building and developing properties including sale and purchase of properties.

Brief Financials of Manali Developers is set out below:

	(Rs. In Lakhs)			
Particulars	March 31, 2002	March 31, 2003	March 31, 2004	Period ended September 30, 2004
Total Income	0.43	0.36	0.34	0.24
Net Profit	-	-	-	0.07
Partner's Capital	8.80	8.79	8.80	8.87

8) Topspeed Trading Company Private Limited

Topspeed Trading Company Private Limited is a company incorporated under the Companies Act. The date of incorporation is August 12, 2004. The Company has not yet commence any business.

The Shareholding Pattern of the company as on September 30, 2004 is set out below:

Shareholders	Shares	%
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Provogue (India) Limited

Nikhil Chaturbedi	3,115	31.15%
Salil Chaturvedi	3,114	31.14%
Akhil Chaturvedi	1,257	12.57%
Nigam Patel	1,257	12.57%
Deep Gupta	1,257	12.57%
Total	10,000	100.00%

The above five shareholders are also directors of Topspeed Trading Private Limited.

Related party transaction with Group Concerns

For details of transactions with Group Concerns please refer to Annexure 16 of the Financial Information on page no. [•]

Changes in Accounting Policies

Details of Changes in accounting policies have been mentioned under the head 'Financial Information' in page no. [•].

II. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

[to be updated for March 2005 figures]

Overview of the business of the Company:

There are two principal businesses in which the Company is engaged.

- First is the building of fashion brand based in India. This is being driven by an establishment of a national chain of own stores combined with diverse sales through the emerging national chain stores. To compliment the brand building the hospitality business has been launched to reflect the lifestyle and attributes of the Provogue consumer. The company intends to do the same by enhancing its present manufacturing capacities.
- Second business is to leverage the opportunities available to India due to WTO 2005 initiative by building strong business in fabric, garment and related dyes and chemicals business overseas.

Significant developments subsequent to the last financial year

- Acquisition of business of M/s Acme Global
- Conversion of Acme Hotels & Hospitality Pvt. Ltd. into 100% subsidiary
- Issue of Bonus Shares
- Conversion from private limited Company to Public limited Company
- Change of name to Provogue (India) Limited

Factors that may affect results of the Operations

- Diminution of brand life
- Change in consumer taste
- New competitive businesses
- Government rules and regulations relating to textile industry
- Choice of locations

Discussion on Results of Operations:

A summary of past financial results for based on the restated accounts are given below:

	Rupees in lakhs				
	6 months ended 30.09.2004	6 months ended 31.03.2004	Year ended 30.09.2003	Year ended 30.09.2002	Year ended 30.09.2001
INCOME					
Operational Income	5473.67	2738.32	4077.63	2871.16	2085.20
Other Income	4.65	60.00	20.56	6.49	5.71
	5478.32	2798.32	4098.19	2877.65	2090.91
EXPENDITURE					
Cost of Raw Material Consumed/ Goods Sold	3374.75	1272.99	1908.58	1419.99	1093.41
Manufacturing Expenses	321.95	90.84	182.96	175.16	153.56
Excise Duty & Sales Tax	136.73	177.84	263.73	118.45	113.86
Personnel Expenses	122.66	105.80	123.09	83.92	70.03
Administrative & Other Expenses	173.10	167.43	222.71	156.55	175.86
Selling & Distribution Expenses	765.69	628.67	900.65	614.63	237.65
	4894.88	2443.57	3601.72	2568.70	1844.37
EBIDTA	583.44	354.76	496.47	308.95	246.54
Interest & Financial Charges	134.76	123.82	122.75	92.96	66.30
Depreciation	87.28	57.79	66.54	36.73	16.66
Miscellaneous expenditure written off	0.83	0.13	0.26	0.26	0.37
PBT	360.57	173.02	306.92	179.01	163.21
Provision for taxation	92.96	45.38	119.30	13.50	11.00

PAT	267.61	127.64	187.62	165.51	152.21
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Comparison of HY Sep 2004 (Sept. 04) with FY March 2004 (6 Months) (Mar. 04)

The figures included in the half year ended 30th Sep 2004 are including of Export business taken over from M/s Acme Global w.e.f. 01.04.2004 and hence strictly not comparable with FY 2004.

Sales Revenues: Sales for the six-month period from 1st April 2004 to 30 Sep 2004 was Rs. 5473.67 lacs, as against sales of Rs. 2738.32 lacs in the previous Period (6 months) ending on 31st March 2004. Out of the total sales Rs. 5473.67 Lacs a sales of Rs. 2535.11 have come from the Export business which was taken over from M/s Acme Global w.e.f. 01.04.2004. The Domestic Business contributed Rs. 2938.56 Lacs which account for 7.31% increase over previous period. The growth is lower due to the fact that the previous period consists of peak season i.e. October to December whereas the period ended Sept. 30, 2004 consist of lean season.

The Export Sales of Rs. 2535.11 lacs was derived from export of printed Fabrics, Gray Fabrics, Chemicals, Machineries & Machinery parts, etc.

Cost of goods sold (COGS): COGS (after adjustment of increase/decrease in stocks) for the domestic business was Rs. 1531.19 lacs as on HY Sept 04 as compared to Rs. 1272.99 lacs for the six months period ended March 31, 2004. This represents an increase of 20.28% over the previous period. As a percentage of Sales, the increase has been from 46.49% to 52.11%. Higher COGS is because of the end of season sale which entails mark down in selling price. Also during the period the company has outsourced t-shirts and accessories which have contributed to higher COGS.

COGS of the Export business stood at Rs. 1843.56 lacs as on September 30, 2004 which is 72.72% of the export sales for the period. COGS for export sales consist of cost of Raw Materials processed at process houses and also cost of the finished goods meant for export. Our export business is predominantly high volume, low margin.

Manufacturing Expenses: Manufacturing expense on domestic sales reduced by 8.15% i.e. to Rs. 83.43 lacs in Sept. 04 as compared to Rs. 90.84 lacs in Mar. 04. As a percentage of sales, the expense has reduced to 2.84% from 3.32% over the same period. This reduction was on account of better capacity utilisation as the plant had started commercial production from April 07, 2003. Also the T-shirts and other accessories outsourced reduced the cost of manufacturing as the cost of outsourced material is included in COGS.

The Manufacturing cost in case of export business is Rs. 238.52 lacs i.e. 9.41% of Export Sales income. The manufacturing cost includes cost of processing paid for printing and processing.

Selling & Distribution Expenses (S&D Expenses): The Selling & Distribution Expenses includes Branding Expenses, Studio Rent, Logistic Expenses and studio running expenses. There was drop in the S&D Expenses from Rs. 628.67 lacs to Rs. 562.14 lacs i.e. a fall of 10.58%. As a percentage of domestic sales, it has come down from 22.96% to 19.13% during the same period. This was mainly due to the lower amount spent on branding during the end of season period as against higher expenditures incurred during the peak season.

In case of Export business the S&D Expenses includes Exports Freight, Commission, which works out to Rs. 203.55 lacs i.e. 8.03% of the export sales.

Profit After Tax (PAT) : During the period under review PAT increased from Rs. 127.64 lacs to Rs. 267.61 lacs. As a percentage of sales, PAT increased from 4.66% to 4.89%. The increase in PAT has been on account of acquisition of export business.

Comparison of FY 2004 (6 months) with FY 2003

PIL has changed its financial year ending from September to March with effect from March 2004 in order to align itself with other businesses in its segment. The period ending as on 31st March 2004, therefore, consist of six months period from 1st October 2003 to 31st March 2004. The previous financial year consist of twelve months period ending 30th September 2003.

(Figures of FY2004 (six months period) have been annualized for the purpose of comparison in terms of ratios.)

Sales Revenues: Sales for FY 04 was at Rs. 2738.32 lacs, as against sales of Rs. 4077.63 lacs in FY 03. On an annualized basis there has been a growth of 34.31%. There growth was contributed by the peak season sale during the period and increased contribution of trousers to the product range.

Cost of goods sold (COGS): COGS (after adjustment of increase/decrease in stocks) in FY 04 was Rs. 1272.99 lacs as compared to Rs. 1908.58 lacs previous year. As a percentage of Sales, COGS reduced marginally from 46.81% to 46.49% during the above period.

Manufacturing Expenses: Manufacturing expense stood at Rs. 90.84 lacs as on FY 04 as compared to Rs. 182.96 lacs for the FY 03. As a percentage of sale there has been a decline from 4.49% to 3.32% in the same period. This reduction was on account of lower expenses of our shirt-manufacturing unit at Daman which became fully operational in the FY 2004.

Selling and Distribution Expenses: Selling and Distribution Expenses stood at Rs. 628.67 lacs as on FY04 as compared to Rs. 900.65 lacs as on FY 03. On an annualized basis there has been an increase of 39.60% on account of higher selling and distribution expenses towards setting up of 'Provogue Studios'. However, as a percentage of sales income, there has been a marginal increase from 22.09% to 22.96 %. Strategic marketing tie-ups with various corporate resulted into lower cost of branding and marketing.

Profit After Tax (PAT) : The PAT for the FY 2004 stood at Rs. 127.64 lacs as compared to Rs. 187.62 lacs in FY 03 a growth of 36.06% on an annualized basis. This was mainly due to lower spending on manufacturing expenses. The other reason for higher profits was the additional sales contribution from our own studio stores. The no. of stores had gone up from 36 to 45 in the current FY 2004. (As on date we have 40 studios).

Comparison of FY 2003 with FY 2002

Sales Revenues: The Sales revenue increased by 42.02% from Rs. 2871.16 Lacs in FY 02 to Rs. 4077.63 Lacs in FY 03. The period under review saw the number of stores increasing from 24 to 36 and the manufacturing unit at Daman was also set up. Accessories and trousers were added to the product range for the first time.

Cost of goods sold: In line with the growth in sales income, the COGS also increased by 34.41% from Rs. 1419.99 lacs in FY02 to Rs. 1908.58 lacs in FY 03. As a percentage of sales income there has been a drop by about 3% from 49.46% to 46.81% during the same period. The reduction in cost of goods sold was mainly on account of higher sales contribution from owned stores to the total sales.

Manufacturing Expenses: Manufacturing expense marginally increased by 4.45% i.e. from Rs. 175.16 lacs in FY02 to Rs. 182.96 lacs in FY03. However, as a percentage of Sales, there has been a drop from 6.10% to 4.49% in the same period. This reduction was the result of start of manufacturing activities at Daman.

Selling and Distribution Expenses: Selling & Distribution Expenses as a percentage of sales revenue increased marginally from 21.41% in FY 02 to 22.09% in FY03.

Profit After Tax: PAT increased from Rs. 165.50 lacs in FY02 to Rs. 187.62 lacs in FY 03, an increase of 13.37%. This was possible due to reduction in manufacturing expenses and Reduced COGS.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5. OF SEBI DIP GUIDELINES

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that has significantly affected the business of the Company

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

1. With effect from July 2004, Excise Duty on manufacturing of garments has been removed.
2. VAT is a destination-based tax, which replaces local sales tax, is paid by the consumer eventually. This again has a positive impact on our business.
3. Import duties on fabrics used by us have been brought down; peak customs duty has been reduced from 20% to 15%. So effectively it has a positive impact on us. Duty on Textile Machinery has also reduced to 10% from 16%.
4. 100% FDI in construction is proposed and will bring in better quality of construction which again is a positive aspect for the business.

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

Historically excise has had an adverse effect but following its removal from textile transactions the financial impact is positive. We see no adverse trends.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Import duty on fabrics, excise on fabrics and introduction of VAT are the three factors which would materially affect cost as a percentage of revenue. A review of trends over the last few years and with India being a part of WTO 2005 textile quota rationalisation and being committed to rationalize and streamline costs we do not expect any significant change in policy. Rather, the rationalizing of duties and excise and introduction of VAT is expected to have a positive impact on this industry.

The extent to which material increases in net sales or revenue are due to increased sale volumes, introduction of new products or services or increased sales prices

A large part of the sales increase over the past few years has been due to a broader product line and numbers of outlets. Like-to-like stores have shown consistent growth. Average Selling Prices have been increased by approximately 10% over the past three years. Removal of excise duty has reduced costs by approximately 6% but the company has been able to absorb those extra margins. Since price increases in the last 3 years have been modest it was not deemed necessary to pass these savings back to the customer.

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

Segments are :

1. Domestic sales: Rs 2,938.56 lacs
2. Export of fabric, dye stuffs chemicals and textile machinery: Rs.2,535.11 lacs

Status of any publicly announced new products or business segment

The Company has not announced any new products or business segments

The extent to which business is seasonal

The branded garments business is relatively stable throughout the year but has its peaks during Spring-summer, Diwali and Christmas.

The Textile export business is reasonably stable with the period of January to March generally being the lean period.

Any significant dependence on a single or few suppliers or customers

In all our businesses the customer base is reasonably well spread except in textile exports where 40% of the business is derived from one customer. This has been reduced from a dependence of almost 80% two years ago and has been reduced further as we expand our overseas market penetration. Suppliers to all businesses are reasonably distributed.

Competitive conditions

Provogue brand: Provogue has risen from a start up to amongst the leading fashion brands in the men's wear segment in 6 years and is now an established player.

F. LEGAL AND OTHER INFORMATION

I. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Save as stated herein under, based on records available, there are no outstanding/pending litigations, suits, criminal/civil prosecutions, proceedings initiated for offences (including past cases, economic offences etc) irrespective of whether specified in paragraph (1) of part 1 of Schedule XIII of the Companies Act and litigations for tax liabilities against PIL, its subsidiaries, Promoters, its directors & group concerns and there are no defaults/non payment/overdues of statutory dues, institutional/bank dues and dues towards holders of debentures, bonds and fixed deposits and arrears of Preference Shares etc, other than unclaimed liabilities of PIL, and other Group Concerns.

CONTINGENT LIABILITY AGAINST THE COMPANY

As on September 30, 2004 the contingent liability outstanding against our company is as follows:

(Rs. in Lacs)	
Particulars	30.09.2004
Letter of Credit outstanding	9.75
Bank Guarantee	31.15
Total	40.90

LITIGATIONS:

LITIGATIONS AGAINST THE COMPANY

Civil Disputes

1.

Title/Parties	Advance Magazine Publishers Inc. USA ... Plaintiff Versus Acme Clothing Private limited (ACPL) ... Defendant
Claim	Trademark and Damages
Court	Additional District Judge, Gurgaon - (S.No.1 of 2003) Punjab & Haryana High Court - (Appeal No. 4921 of 2003)
Stage	Suit – Hearing in due course Appeal admitted – Hearing in due course
Facts	(a)The suit has been filed by the Plaintiff for restraining ACPL from using the trademark "Provogue" as it allegedly resembles the Plaintiff's trademark "Vogue". ➤ The Plaintiff has alleged in the suit that ACPL was infringing its trademark and passing off goods in the name "Provogue" which includes the word "Vogue". ➤ The Plaintiff has claimed that it is the Proprietor of the world famous trademark "Vogue" in respect of a fashion magazine which was over 100 years old. ➤ The Plaintiff has registered its trademark "Vogue" in India in Class 16 in respect of magazines (publications) and its magazine is circulated throughout the world including India. ➤ ACPL has submitted to the Court that it has been using the trademark "Provogue" for readymade garments since November 1997. ➤ ACPL has filed an Application for registration of its Trade Mark "Provogue" on June 22, 1998 in Class 25 in respect of readymade garments. ➤ ACPL has contended that the use of the trademark was for a different purpose. The products and customers are also different than that of the Plaintiff. ➤ ACPL has claimed distinctiveness of its trade mark "Provogue" as against Defendant's trade mark "Vogue" and that it was a coined word and had acquired enormous reputation and goodwill in India. ➤ ACPL has also submitted in the Court that the Plaintiff could not be prejudicially affected as there existed restrictions on Foreign Direct Investment (FDI) in print media sector in India at that point of time. ➤ ACPL has also contended that the suit was time barred and Courts in Mumbai alone had the jurisdiction to try the suit.

	<p>(b)An Interim Application filed by the Plaintiff for restraining ACPL from using 'Provogue' as its trade name has been rejected by the Gurgaon Court by an Order dated August 28, 2003 on the ground that there was no merit in the application filed by the Plaintiff.</p> <p>(c)An Appeal against this Order was preferred by the Plaintiff before the Punjab & Haryana High Court at Chandigarh. The Appeal has been admitted by the High Court and is to be heard within two years, the Punjab & Haryana High Court has directed the Trial Court i.e. Gurgaon Court to proceed with suit.</p>
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2.

Title/Parties	Lalit Nirman Business Development Private Limited ... Plaintiff Versus Acme Clothing Private limited (ACPL) ... Defendant
Claim	Rs.1.97 Lacs
Court	Civil Court, Nashik, Maharashtra - (S.C.S. No.70 of 2004)
Stage	Pleading
Facts	<ul style="list-style-type: none"> ➤ This suit has been filed for recovery of dues towards goods returned. ➤ ACPL has raised certain preliminary objections firstly, that the Suit is time barred and secondly, that the courts in Mumbai alone had the jurisdiction to try the suit. ➤ ACPL has also contended that since the goods were supplied on credit basis, there was no question of making payment on return of such goods.

Labour Related Disputes Against The Company

1.

Title/Parties	Dinesh Prasad Gupta ... Complainant Versus Acme Clothing Private Limited (ACPL) ... Respondents
Claim	Reinstatement (With back wages of Rs. 20,000)
Court/ Arbitration	Labour Court, Mumbai – Reference (IDA) No.159 of 2002
Stage	Pending for final disposal
Facts	<ul style="list-style-type: none"> ➤ The Complaint has been filed against ACPL alleging illegal termination of employment. ➤ ACPL has contended that the Complainant was hired on contract basis through a contractor and was so not entitled for reinstatement. ➤ Since the Complainant has not been attending the Court proceedings for the last 2 years, ACPL has made an application for dismissal of the case.

Litigations/Proceedings Related to Statutory Dues

1. The Assistant Provident Fund Commissioner, S.A.O. Kandivali, Mumbai has launched an enquiry under Section 7B of the Provident Fund and Miscellaneous Provisions Act, 1952 against Acme Clothing Private Limited (ACPL) in relation to PF contributions amounting to Rs. 14.34 Lacs. An Order has been passed under section 7A, on September 25, 2003 of the PF Act. ACPL has contended that the above Order was passed prior to the registration of ACPL with the PF Department. ACPL has filed an Appeal under Section 7B of the PF Act before the Regional Provident Fund Commissioner, S.A.O. Kandivali, Mumbai against the above Order. The operation of the above Order passed u/s 7A has been stayed pending disposal of Appeal u/s. 7B of the PF Act.
2. The Assistant Director, Employee's State Insurance Corporation, MIDC, Andheri (East), Mumbai has issued a Demand Notice dated February 27, 2004 for payment of ESI contribution and interest pertaining to a security contractor hired by ACPL for the period April, 2000 to March, 2001. The amount demanded under the notice is Rs. 0.43 lakhs. ACPL in its reply has stated that it has paid all the charges for the above period as per bills submitted by the security agency and the same has already been paid to its employees by the security agency and that ACPL was not under any obligation to pay the same.

LITIGATIONS FILED AGAINST ACME GLOBAL, A DIVISION OF THE COMPANY

1.

Title/Parties	Kaushik Amritlal Panara (Authorised Officer of Karnavati Co-operative Bank Limited ... Complainant
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	Versus Acme Global ... Accused
Claim	Rs. 5.00 Lacs
Court	20 th Metropolitan Magistrate's Court, Ahmedabad, Gujarat Case No. 1964 of 2003
Stage	Summons
Facts	<ul style="list-style-type: none"> ➤ The Complainant has filed this Complaint under Section 138 of the Negotiable Instruments Act, 1881 against Acme Global for a cheque issued to one AK Steel Industries by the Firm towards advance payment for certain machinery. ➤ Acme Global had initially issued a cheque to AK Steel for supply of the machinery. However, AK Steel requested Acme Global to issue a Demand Draft for the above amount. Acme Global issued a "stop payment" instruction to its Banker for the cheque issued earlier to AK Steel and got a fresh Demand Draft issued in favour the Supplier. ➤ However, it seems that AK Steel has forwarded the cheque to its bank i.e. Karnavati Co-operative Bank Ltd. against discharge of a loan taken from that Bank. ➤ The cheque could not be encashed by the bankers of AK Steel and the same got dishonored due to the "stop payment" instruction give by Acme Global to its own Bankers. ➤ Pursuant to the above, Karnavati Co-operative Bank Limited (through its authorized officer) filed this Complaint against Acme Global in Court in Ahmedabad for cheque bouncing. ➤ Acme Global has applied for discharge from the Court on the above grounds and the application shall be heard by the Court in the near future.

LITIGATIONS BY THE COMPANY

1.

Title/Parties	Acme Clothing Private Limited (ACPL) ... Complainant Versus Ashok Devra ... Accused
Claim	Rs. 2.86 Lacs
Court	40 th Metropolitan Magistrate's Court, Girgaum, C.C. No. 259/S of 2003
Stage	Summons
Facts	<ul style="list-style-type: none"> ➤ The Accused had issued a cheque dated March 25, 2003 of the claim amount to ACPL towards supply of garments. ➤ On presentment, the cheque was dishonored by the Bank of the Accused after which the above Complaint was filed by ACPL. ➤ The Accused has not appeared in this matter before the Court till date.

ACTION TAKEN BY SEBI AGAINST DIRECTORS

SEBI appointed an Adjudication Officer in January 1998 to inquire into the violations of Regulation 6(1) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1994 against Mr. Rakesh Jhunjhunwala, a Director of the Company regarding acquisition of shares more than 5% of the paid up capital of a listed company without informing the company and the stock exchange. Mr. Rakesh Jhunjhunwala admitted that the acquisition of the said shares, which exceeded the limit of 5% only by a small margin, was an unintentional mistake and that the acquisition was a pure investment.

The Adjudication Officer by an Order dated March 19, 1998 directed Mr. Rakesh Jhunjhunwala to pay a penalty of Rs. 15,000/- for the technical violation. The said amount has been paid to SEBI in April, 1998.

Show Cause notice Issued by SEBI

A show cause notice dated June 17, 2003 for alleged violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 was issued upon Mr. Rakesh Jhunjhunwala (one of our Director), in respect of which a personal hearing was completed on August 23, 2003 before a member of SEBI. A supplemental show cause notice dated January 22, 2004 was issued followed by a supplemental personal hearing on April 7, 2004 before the member of SEBI.

In these two hearings, Mr. Rakesh Jhunjhunwala showed cause as to why no violation of any regulations could be inferred from the facts set out in these routine notices. For the last one year, no further communication in this regard has been received from SEBI.

Note: The name of Small Scale Undertakings to whom the Company owes a sum exceeding Rs. 1.00 lakh which is outstanding for more than 30 days could not be identified as the necessary information was not in possession of the Company.

LITIGATIONS FILED BY/ AGAINST GROUP COMPANIES/FIRMS

Acme Exports

1.

Title/Parties	Abhishekh M. Jain Versus Acme Exports	... Plaintiff ... Defendant
Claim	Rs. 4.66 lakhs alongwith interest of Rs. 3.88 lakhs	
Court	Bombay High Court - No. 2632 of 1997	
Stage	Hearing in due course	
Facts	<ul style="list-style-type: none"> ➤ Abhishekh M. Jain, Sole Proprietor of M/s. Shankeshwar Fashions, has filed this suit against Acme Exports for recovery of amount due for raw material supplied. ➤ Acme Exports has submitted to the Court that the Plaintiff had not adhered to the delivery schedule for supply of the raw material due to which there was a delay in manufacturing the ready garments meant for export. ➤ The readymade garments had to be exported via air for which Acme Exports incurred considerable costs. Moreover, a part of the raw materials supplied by the Plaintiff was also defective. ➤ As per Acme Exports nothing was due and payable to the Plaintiff. ➤ Under an Order dated June 21, 1999 passed by the Bombay High Court, Acme Exports has deposited an amount of Rs. 4.60 lakhs in the Court till the suit is finally heard. 	

Floro Mercantile Private Limited (FMPL)

Tax Disputes

2.

Title/Parties	Floro Mercantile Private Limited (FMPL) Versus Income Tax Officer, Ward 9, Mumbai	... Appellant ... Respondent
Claim/Issue	Disallowance of Interest of Rs.0.96 Lacs	
Authority/Tribunal	ITAT, Mumbai	
Assessment Year	2001-02	
Stage	Argument	
Facts	<ul style="list-style-type: none"> ➤ FMPL has filed this Appeal against the Order of CIT (A) for disallowance of interest amounting to Rs. 0.96 Lacs u/s. 14A of the Income Tax Act, 1961. ➤ FMPL has claimed the above interest in respect of interest paid on security deposits for acting as an agent of Acme Clothing Private Limited for marketing and distribution of its products. 	

Material Developments

In the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months other than as disclosed in the Draft RHP.

II. GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS

We have received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for our business and no further approvals are required by us for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do 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.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sr. No.	Issuing Authority	Registration /License No.	Nature of Registration/License	Validity
1.	Registrar of Companies	11-111924	Certificate of Incorporation	-
2.	Superintendent Service Tax	AABCA8524FST001	Service Tax – For Transport of Goods by Road Service	-
3.	Chief Inspector of Factories	2274	License under Factories Act, 1948	Dec 31, 2005
4.	Asst. Comm. Of Central Excise	AABCA8524FXM002	Central Excise	-
5.	Income Tax Department	AABCA8524F	PAN	-
6.	Income Tax Department	MUMA16179C	TAN	-
7.	Jt. Director General of Foreign Trade		Two Star Export House Certificate	Mar 31, 2009
8.	Comm. Of Sales Tax, Uttar Pradesh	20-00 87386	U.P. Sales Tax	-
9.	Commercial Tax Officer, Chennai	72575	Central Sales Tax	-
10.	Asst. Comm. Of Commercial Taxes, Bangalore	01745669	Central Sales Tax	-
11.	Commercial Tax Officer, Hyderabad	PJT/01/1/2589/00-01	Central Sales Tax	-
12.	Commercial Tax Officer, Jaipur	1420/05419	Central Sales Tax	-
13.	Asst. Comm. Commercial Taxes, Calcutta (South Circle)	2556(PS) C	Central Sales Tax	-
14.	Assessing Authority, Ludhiana	57056016	Central Sales Tax	-
15.	Assessing Authority, Chandigarh	19435	Central Sales Tax (Punjab)	-
16.	Assessing Authority, New Delhi	LC/G7/0200232755/0500	Delhi Sales Tax	-
17.	Assessing Authority, Ahmedabad	Guj99912878	Central Sales Tax	-
18.	Sales Tax Officer, Mumbai	400064/SS/6545	Bombay Sales Tax	-
19.	Sales Tax Officer, Mumbai	400064/C/5709	Central Sales Tax	-
20.	Asst. Sales Tax Officer, Daman	DA/CST/6140	Central Sales Tax	-
21.	Regional Provident Fund Commissioner	9/534/ENFVIII/SAO/MLD/1088	Provident Fund	-
22.	Employees State Insurance	35-021-19	Employees State Insurance Corporation	-
23.	Pollution Control Committee, Daman & Diu	PCC/DDD/G-2941/WA/ICB/01-02/865	Pollution Control	Dec 31, 2005
24.	General Manager, DIC, Daman	DMN/DIC/NOC/02-03/1041	Power	-

25.	IPRS Ltd.	IS-9341	Copyright Music License for the Borivali Studio in Mumbai	Renewed every year
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Applied for, not received

Sr. No	Issuing Authority	Status	Nature
1.	SEBI	Applied For	MAPIN
2.	Trade Marks Registry, Mumbai	Applied For	Trade Mark "Provogue"
3.	Trade Marks Registry, Mumbai	Applied For	Trade Mark "Provogue – Redefining Fashion"
4.	Trade Marks Registry, Mumbai	Applied For	Trade Mark "Provogue Studio"

The Company is also required to take a Shop & Establishment License from municipal authorities and/or local bodies of the cities and towns wherein its Studio Stores are situated. Details of the Shop & Establishment Licenses issued by these authorities are set out below:

Applied for and received

Sr. No	City	Location	Registration No.	Date of License	Validity
1.	Mumbai	Goregaon	PS-I/008646	6 th Feb, 04	31 st Dec, 06
2.	Mumbai	Runwal, Mulund	T-II/004385	1 st Nov, 04	31 st Dec, 06
3.	Mumbai	Nirmal Lifestyle, Mulund	T-II/004386	1 st Nov, 04	31 st Dec, 06
4.	Mumbai	Lokhandwala Complex, Andheri	KW-I/018196	27 th Oct, 04	31 st Dec, 06
5.	Mumbai	Inorbit Malad	PS-1/009259	30 th Nov, 04	31 st Dec, 06
6.	Mumbai	Thane	S/40957	19 th July, 02	31 st Dec, 05
7.	Mumbai	Phoenix Mills, Lower Parel	GS-IV/000851	31 st Dec, 03	31 st Dec, 06
8.	Mumbai	Borivali	RC-I/012511	29 th May, 00	31 st Dec, 05
9.	Mumbai	Irla, Andheri, Mumbai	K/W-I-430	21 st Aug, 86	31 st Dec, 05
10.	Mumbai	Bandra	HW-I/010728	2 nd Nov, 04	31 st Dec, 06
11.	Pune	K. K. Bazaar	I/6830	14 th Oct, 03	31 st Dec, 05
12.	Nagpur	Kingsway	I-85-562	30 th Dec, 02	31 st Dec, 06
13.	Ahmedabad	Iscon Arcade	PI/EL/06/0000107	13 th Aug, 04	31 st Dec, 06
14.	Lucknow	Gomti Nagar	-	24 th Dec, 04	31 st Dec, 05
15.	Lucknow	Hazrat Gunj	-	24 th Dec, 04	31 st Dec, 05
16.	Kanpur	Rave	-	24 th Nov, 04	31 st Dec, 05
17.	Ranchi	Main Road	RN-24455	11 th Dec, 04	31 st Dec, 05
18.	Jaipur	M. I. Road	SH/1142	2 nd Nov, 02	31 st Dec, 05
19.	Jaipur	Raja Park	SH/1125	28 th Jan, 02	31 st Dec, 05
20.	Jaipur	Crystal Mall	SH/206	28 th Feb, 04	31 st Dec, 05
21.	Indore	M. G. Road	90167905	1 st April, 04	31 st Mar, 06
22.	Chandigarh	Fun Republic	CH/M/2004-05/2008	30 th Dec, 04	31 st Mar, 06
23.	Dehradun	Rajpur Road	UATT No. DD-0270976	29 th Jan, 04	Till the date of Cancellation
24.	Hyderabad	OM	DSR000233861	31 st May, 04	31 st Dec, 05
25.	Noida	Sector 18	35/3421	1 st Mar, 05	31 st Mar, 09
26.	Gaziabad	EDM Mall	A628353	22 nd Mar, 05	31 st Mar, 09
27.	Chandigarh	Sector 17D	B/35/2005	28 th Mar, 05	31 st Mar, 06
28.	Hyderabad	Delta	PRD000839986	-	31 st Dec, 05
29.	Chennai	Spencer Plaza	-	1 st Jan, 05	31 st Mar, 06
30.	Bangalore	Forum Mall	63/Shop/625/	-	-

			2004		
31.	Bangalore	Brigade Road	61/Shop/0510	-	-
32.	Kolkotta	Salt Lake	4840	-	31 st Mar, 06

Applied for, not received

Sr. No	City	Location	Status
1.	Mumbai	Centre One, Vashi, New Mumbai	Applied For
2.	Kolkotta	Forum	Applied For
3.	Ludhiana	Mall Road	Applied For

Not yet applied for

Sr. No	City	Location	Status
1.	Mumbai	Colaba	Not Applied

Government Approvals /Licensing Arrangements Required for the proposed Unit at Daman:

1. For the proposed manufacturing unit to be set up at Daman, the Company shall require the following licenses/approvals/certificates:

- (i) License under Factories Act, 1948
- (ii) Pollution Control Certificate from the Pollution Control Committee, Daman & Diu.
- (iii) Sanction of Power load from the District Industries Centre, Daman

The Company shall apply for, and obtain, these approvals at the time of setting up the unit.

2. For the expansion of the Provogue Studio network the following licenses/ approvals/certificates shall be required on or before the commencement of operations:

- (i) Shops & Establishment License issued by the Municipal authority of the place where the Provogue Studio is set up.
- (ii) In the States and Union Territories where the Company does not presently have a Provogue Studio the Company shall also apply for, and obtain, all approvals and licenses viz. Central Sales Tax and State Sales Tax and/or VAT and other registrations/approvals on or before commencement of operations.

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on March 11, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on March 15, 2005.

PROHIBITION BY SEBI

The Company, its directors, its Promoters, its Subsidiary, other companies/ ventures promoted by our Promoters and companies with which the Company's Directors are associated as directors or promoters have not been prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any direction or order passed by SEBI.

ELIGIBILITY FOR THE ISSUE

In terms of clause 2.2.2 of the SEBI (DIP) Guidelines, 2000 an unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of Equity Shares or any other security which may be converted into or exchanged with Equity Shares at a later date, only if it meets both the conditions (a) and (b) given below:

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

OR

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

AND

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

OR

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

- (a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
- (b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;
- (c) The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)

We are eligible for the issue as we satisfy the condition of minimum post issue face value of Rs. 10 crore (Our pre issue face value of paid up capital is Rs.12.15 crores). Also the issue is being made through book-building process and we shall ensure a mandatory allotment of 50% in the issue to QIB.

(Post incorporation of the financials of March 31, 2005, the company may satisfy the eligibility criteria as laid down in clause 2.2.1)

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED AND KARVY INVESTOR SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER

DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, SBI CAPITAL MARKETS LIMITED AND KARVY INVESTOR SERVICES LIMITED HAS FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE DATED April 04, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE OFFER DOCUMENT 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 DRAFT RED HERRING PROSPECTUS FORWARDED TO THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- b ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; 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 INVESTMENT IN THE PROPOSED ISSUE.
- d WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.
- e ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 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 MANAGER (S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

GENERAL DISCLAIMER

Investors may note that the Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and the Company.

All information shall be made available by the Company and the Lead Manager to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including in research or sales reports.

JURISDICTION

This Issue 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 authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares), permitted insurance companies and to NRIs and FIIs as defined under the Indian Laws. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE)

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter dated [●], granted permission to the Company, to use the Exchange's name in this Draft Red Herring 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). NSE has scrutinised this Draft Red Herring 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 Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring 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.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI ("BSE")

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. BSE has given vide its letter dated [●], permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchange on which the Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner-

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

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

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The company accepts full responsibility for the accuracy for the information given in the Draft Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the Draft Red Herring Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the Equity Shares are offered or for the correctness of the statement 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 Draft Red Herring 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 may be, that any information/material has been suppressed /withheld 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.

FILING

A copy of this Draft Red Herring Prospectus, has been filed with the Corporate Finance Department of SEBI, at B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021.

A copy of the Draft Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, would be delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Drive, Mumbai – 400 002 and a copy of the Prospectus to be filed under Section 60 of the Act would be delivered for registration with the Registrar of Companies.

LISTING

Initial listing applications have been made to NSE and BSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. NSE will be the Designated Stock Exchange for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares are 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 Draft Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of Issue Closing Date, whichever is earlier), then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company with the assistance of the Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of basis of allotment for the Issue

CONSENTS

The written consents of Promoters, Directors, Company Secretary, Auditors, Legal Advisors, Lead Manager to the Issue, Registrars to the Issue, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Draft Red Herring Prospectus with the Registrar of Companies, Maharashtra, Mumbai as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration.

EXPERT OPINION

The Company has not obtained any expert opinion apart from whatever is already mentioned in this Draft Red Herring Prospectus.

EXPENSES OF THE ISSUE

The expenses of the Issue payable by the Company inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs. [●], and will be met out of the proceeds of the present issue.

DETAILS OF FEES PAYABLE

Particulars	Amount (Rs. Lacs)	% of total issue expenses	% of total issue size
Book Running Lead Managers	[.]	[.]	[.]
Bankers to the Issue	[.]	[.]	[.]
Registrars	[.]	[.]	[.]
Advisors	[.]	[.]	[.]
Legal Advisors	[.]	[.]	[.]
Others	[.]	[.]	[.]
Total	[.]	[.]	[.]

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue is as set out in the Syndicate Agreement amongst the company, the BRLMs and the Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned elsewhere in the Draft Red Herring Prospectus.

PREVIOUS PUBLIC OR RIGHTS ISSUES

This is the first public issue of the Company. The company has not made any public issue previously.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

On February 1, 2005, the company allotted 70,57,886 Equity Shares of face value of Rs. 10 each as bonus shares in the ratio of 11 shares for every 5 shares held in the Company by capitalisation of Rs. 705.79 lacs from the free Reserves.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

The company has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

PARTICULARS IN 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 of section 370 (1)(B) of the Companies Act, 1956 that made any capital issue during the last three years.

PROMISES VS PERFORMANCE

The company has not made any public issue of shares since its incorporation. There are no group companies, which has made any public issues.

OUTSTANDING BONDS/ DEBENTURES

There are no outstanding debentures or bonds or redeemable preference shares or any other instruments issued by the issuer company outstanding as on the date of Draft Red Herring Prospectus.

STOCK MARKET DATA

This being the first public issue by the Company, no stock market data is available.

DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Letters of Allotment/Share Certificates/Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Intime Spectrum Registry Limited, giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch/collection center where the application was submitted.

Disposal of Investor Grievances

The average time required by the Company/Registrar for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company/Registrar would strive to redress these complaints as expeditiously as possible.

Investors can also contact the Compliance Officer for any investor grievances.

Mr. Aniket Hirpara,
Company Secretary
Provogue (India) Limited.
138-141, Govt. Industrial Estate
Charkop
Kandivali (W)
Mumbai – 400 067
e-mail: investorservice@provogue.net

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

CHANGES IN THE AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

There have been no changes in the auditors of the Company during the past three years

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS

70,57,886 Equity Shares of the Company was allotted as bonus in the ratio of 11 shares for every 5 shares held in the Company by capitalisation of Rs. 705.79 lacs from the free Reserves

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS

The Company has not revalued its assets during the last five years

OFFERING INFORMATION

Terms Of The Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Draft Red Herring Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the allotment advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on March 11, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on March 15, 2005.

Ranking of Equity Shares

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

Mode of payment of dividend

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

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Draft Red Herring Prospectus at a price band of Rs. [●] Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Description of Equity Shares and Terms of Articles of Association" on Page [●] in this Draft Red Herring Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

Since trading of our Equity Shares will be dematerialised mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders. For details of allocation and allotment, see "Other Regulatory and Statutory Disclosure – Basis of Allotment and Allocation".

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating.

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

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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 Issue amount, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days, the Company and every director of the Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. In terms of clause 2.2.2 of SEBI (DIP) Guidelines, 2000, if the final allotment to QIBs works out to less than 50%, the entire subscription money/ bid amount shall be refunded.

If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date without assigning any reason thereof.

Arrangements For Disposal Of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore there is no possibility of odd lots.

Letters Of Allotment Or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. The Company shall despatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first bidder's sole risk within 15 days of the Bid/Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Despatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- The Company shall interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within 15 day prescribed time period 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 us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Restriction On Transfer And Transmission Of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

Application by Non Residents/NRIs/FIIs

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

ISSUE STRUCTURE

Public Issue of [*] Equity Shares of Rs. 10/- each at the Issue Price of Rs. [*] for cash aggregating Rs. (*) lacs is being made through a 100% book building process. Details of the issue structure are tabulated below:

	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	20,24,701	6,07,410	14,17,291
Percentage of issue size available for allocation	50% or issue size less allocation to non – institutional Bidders and Retail individual Bidders	Up to 15% or issue size less allocation to QIBs and Retail individual Bidders	Minimum 35% or issue size less allocation to QIBs and Non-Institutional Bidders.
Basis of Allocation or Allotment if respective category oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares and in multiples of (*) Equity Shares thereafter, that the Bid Amount exceeds Rs. 1,00,000 and in multiples of (*)	Such number of Equity Shares and in multiples of (*) Equity Shares thereafter, that the Bid Amount exceeds Rs. 1,00,000 and in multiples of (*)	(*) Equity Shares and thereafter in multiples of (*)
Maximum Bid	Not exceeding the size of the issue subject to applicable limits	Not exceeding the size of the issue	Such number of Equity Shares whereby the Bid Amount does not exceed Rs.1, 00, 000
Allotment Mode	Compulsory in Dematerialized form	Compulsory in Dematerialized form	Compulsory in Dematerialized form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	(*)	(*)	(*)
Who can apply	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores.	Companies, corporate bodies, scientific institutions societies and trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000amount)	Individuals (including NRIs and HUFs) applying for an amount up to Rs.1, 00,000 .

Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to non-institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate
Margin Amount	Nil	Full Bid Amount on Bidding	Full Bid Amount on Bidding

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

Subject to valid bids received at or above the issue Price, under-subscription, if any, in any of the categories, other than QIB would be allowed to be met with spill over from any of the other categories, at the discretion of the Company, and the BRLMs. In case the allotment in QIB category works out to less than 50%, the entire bid amount/ subscription money will be refunded.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process under clause 2.2.2 of SEBI(DIP) Guidelines, 2000, wherein mandatory 50% of the Issue shall be allotted on a discretionary basis to QIBs. Further, not less than 15% shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% shall be available for allocation on a proportionate basis to the Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price within price band.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLMs reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason therefore from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful allottees only in the dematerialised form. Bidders will not have the option of Allotment of Equity Shares in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs 20 to Rs 24 per share, issue size of 3000 Equity Shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares at Rs.22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77
1000	23	1500	83.33
1500	22	3000	166.67
2000	21	5000	277.78
2500	20	7500	416.67

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs 22 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut off price i.e. at or below Rs 22. All bids at or above this issue price and cutoff bids are valid bids and are considered for allocation in respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid Cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Eligible Non residents, NRIs or FIIs applying on a repatriation basis	Blue

Who can Bid?

1. Indian nationals resident in India who are major, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: ABC Hindu Undivided Family applying through ABC, where ABC is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, scheduled commercial banks, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable); as defined Section 4 A of Companies Act;
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares;
10. Eligible non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable laws;
11. Scientific and/ or Industrial Research Organisations authorised to invest in Equity Shares.
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with minimum corpus of Rs. 25 crores and who are authorised under their constitution to hold and invest in Equity Shares;
14. Pension funds with minimum corpus of Rs. 25 crores and who are authorised under their constitution to hold and invest in Equity Shares;
15. Multilateral and bilateral development financial institutions; and

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLMs, Syndicate Members and any associate of the members of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary unless otherwise permitted by SEBI. Further, the BRLMs shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

SEBI MAPIN

In terms of SEBI (Central Database of Market Participants) Regulations, 2003 and amendments thereto (MAPIN Regulations), every specified intermediaries, other entity, specified listed companies and specified investors who are required to obtain a Unique Identification Number (UIN) under the MAPIN Regulations for buying, selling or dealing in securities, should not apply if they have not obtained the UIN as required.

The bidders are required to indicate in the Bid-cum-application form whether they are required to obtain UIN and if required, quote the same. Failure to quote UIN, when required may lead to rejection of the bid-cum-application form.

It is reiterated that the bidders/ investors are solely responsible to ascertain whether they are required to obtain UIN and quote the same for their securities transaction. Neither the Issuer nor any of the intermediaries associated with the issue have an obligation to verify the same.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds
- No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights

As per current regulations, the following restrictions are applicable for investment by FIIs:

- No single FII can hold more than 10% of the post-issue paid-up capital of our Company (i.e. 10% of [●] Equity Shares of Rs. 10 each). In respect of an FII investing in the Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25 % of our Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of our Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. We and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

1. For Retail Individual Bidders

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to maximum Bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail bidders have to ensure that the Bid amount does not exceed Rs. 1,00,000. In case the maximum Bid amount is more than Rs. 1,00,000, due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final issue price as determined at the end of the Book Building process.

2. For Non-Institutional Bidders and QIBs Bidders

The Bid must be for a minimum of such number of Equity Shares, so as to ensure that the minimum Bid amount exceeds Rs.1,00,000. Above this minimum Bid Amount, the Bid should be in multiples of (●) Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under SEBI existing guidelines a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/-. In case the Bid Amount reduces to Rs 1,00,000/- or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under Retail portion.

Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-Off Price. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

Information for the Bidders

- a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
- b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our registered office or from any of the BRLMs or Syndicate Members.

- d) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
- e) Investors who are interested in subscribing for the Company's Equity Shares should approach the BRLMs or Syndicate Members or their authorised agent(s) to register their Bid.

Method & Process of Bidding

- a) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement
- b) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs, or Syndicate Member or their authorised agent(s) to register their Bid
- c) The Bidding Period shall be open for atleast 3 working days and not more than working 7 days. In case the price band is revised, the revised price band will be published in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated and the Bidding period will be extended for a further period of three days, subject to the total Bidding period not exceeding 10 working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids
- d) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page [●] below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid
- e) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page [●] of this Draft Red Herring Prospectus
- f) The BRLMs, and Syndicate Members will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form
- g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- h) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on Page [●] of the Draft Red Herring Prospectus.

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. (●) to Rs. (●) per Equity Share of Rs.10 each, Rs. (●) being the Floor Price and Rs. (●) being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re 1

- b) In accordance with SEBI Guidelines, the Company, in consultation with the BRLMs, can revise the Price Band during the Bidding period, in which case the Issue will be kept open for a period of three days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially and as disclosed in this Draft Red Herring Prospectus. In addition to this, the cap on the Price Band should not be more than 20% of the floor of the Price Band
- c) Any revision in the Price Band shall be widely disseminated including by informing the stock exchanges by issuing a public notice in two national languages (One each in English & Hindi) and one regional newspaper (Marathi) also indicating the change on the relevant websites and the terminals of the members of Syndicate
- d) The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders
- e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at "Cut off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected
- f) Retail Individual Bidders who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account/ refund account(s)
- g) In case of an upward revision in the Price Band announced as above, the Retail Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the members of the Syndicate to whom the Original Bid was submitted. In case the total amount (i.e. the original Bid amount plus additional payment) exceeds Rs 1,00,000, the Bid will be considered for allocation of under the Non-Institutional portion in terms of the Draft Red Herring Prospectus. If however the Bidder does not either revise the Bid or make additional payment and the issue price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price
- h) In case of downward revision in the Price Band announced as above, Retail Bidders who have bid at Cut-Off could either revise their Bid or the excess amount at the time of bidding would be refunded from the Escrow Account/ refund account(s)
- i) In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application shall remain (●) Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs.5,000/- to Rs.7,000/-.

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders **will not have** the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Escrow Mechanism

Escrow Account for the Issue

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account for the Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payments of refunds to the Bidders shall also

be made from the Escrow collection Banks are per the terms of the Escrow Agreement with the company and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue and BRLMs, and Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page [●]) and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted
- b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Company shall upload the Bids till such time as may be permitted by the Stock Exchanges
- c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
 - Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund, etc.

- Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or us
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind
- g) The members of the Syndicate have the right to review the Bid. Consequently, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed elsewhere in the Draft Red Herring Prospectus
- h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by us, and BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our promoters, our management or any scheme or project of our Company
- i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis
- b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Draft Red Herring Prospectus
- c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate
- d) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis
- e) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum- Application Form
- f) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate

- g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form
- h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders
- i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid**
- j) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs based on the physical book shall be final and binding to all concerned.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the company
- b) The Company in consultation with the BRLMs, shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the Bidder determined broadly based by the size, price and time of the Bid
- c) The allocation for QIBs would be not more than 50% of the Issue Size on a discretionary basis. The allocation to Non-Institutional Bidders would be not less than 15% of the Issue Size and allocation for Retail Individual Bidders will be not less than 35% of the Issue Size on proportionate basis, subject to valid Bids being received at or above the Issue Price
- d) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid
- e) Under subscription, if any, in the Non-Institutional Portion and / or Retail Portion, would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of the Company and BRLMs
- f) In case of under subscription in the QIB category, the same shall not be allowed to be met through oversubscription from any other category and the entire bid / subscription amount shall be refunded.
- g) Allocation to QIBs, Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the RBI while granting permission for Allotment of Equity Shares to them
- h) The BRLMs, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders
- i) **The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, without assigning any reason therefor.**

Signing of Underwriting Agreement and RoC Filing

- a) The company, the BRLMs and the Syndicate Members shall enter into an underwriting agreement on finalisation of the Issue Price and allocation(s) to the Bidders
- b) After signing the Underwriting Agreement, the company will file the Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the date of Draft Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- a) The BRLMs, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue
- b) The BRLMs, or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account of the Company at the time of bidding shall pay in full the amount payable into the Escrow Account of the Company by the Pay-in Date specified in the CAN
- c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account of the Company at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account of the Company. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder

Designated Date and Allotment of Equity Shares

- a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account Allotment of the Equity Shares to the allottees within two working days of the date of Allotment
- b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be offered only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act
- c) After the funds are transferred from the Escrow Account to the Public issue Account on the Designated Date, we would allot the Equity Shares to the allottees. We would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case we fail to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- d) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Ensure that the Bid is only within the Price Band;
- c) Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour), as the case may be;
- d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be transferred in the dematerialized form only;
- e) Ensure that the DP account is activated;
- f) Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;

- g) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- h) Quote your Unique Identification Number as allotted under SEBI MAPIN
- i) Ensure that you have been given a TRS for all your Bid options; and
- j) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS
- k) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

Dont's:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid to a price that is less than the Floor of the Price Band or higher than the Cap of the Price Band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- f) Do not bid at Cut-off price for Non-institutional and QIB Bidders;
- g) A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLMs, or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions to Bids must be:

- a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis).
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- c) For Retail Individual Bidders, the Bids must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
- d) For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- e) In single name or in joint names (not more than three).
- f) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT-

IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid -cum application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms that we may deem fit, in consultation with the BRLMs.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- a) Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office at 105/106, Dream Square, 1st Floor, Off New Link Road, Andheri (W), Mumbai – 400 053 or from members of the Syndicate or the Registrar to the Issue.
- b) NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
- c) NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids and revision to Bids must be made:

- a) On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- b) In a single name or joint names (not more than three).
- c) **By NRIs** – For a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs 1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs 1,00,001 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and Minimum Bid Size” on page [●].
- d) **By FIIs** – for a minimum of such number of Equity Shares and in multiples of [●] that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled “Maximum and Minimum Bid Size” on page [●].
- e) In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- f) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

The Company shall open an Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue:

- i. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
- ii. In case no Margin Amount has been paid by the Bidders during the Bidding Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allocated to the Bidder or the balance amount, in case the Margin Amount is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
- iii. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - In case of Resident Bidders: **“Escrow Account – PIL Public Issue”**
 - In case of Non Resident Bidders: **“Escrow Account – PIL Public Issue -NR”**
 - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident bidder

bidding on a repatriation basis. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

- In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to Special Rupee Account.
- iv. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
- v. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders until Designated Date.
- vi. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue.
- vii. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque or demand draft drawn on any Bank (including a Co-Operative Bank), which is situated at, and is a member of or sub-member of the banker's clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLMs or Syndicate Member at the time of submitting the Bid. **The BRLMs/ members of the Syndicate may at its discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.**

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the BRLMs or Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

Procedure for Application by Mutual Funds

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of scheme concerned for which the Bid has been made. The application made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

The company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

PAN or GIR Number

Where Bid(s) is/are for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T.Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60(Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a)Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g)Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number – MAPIN

In terms of SEBI (Central Database of Market Participants) Regulations, 2003 and amendments thereto (MAPIN Regulations), every specified intermediaries, other entity, specified listed companies and specified investors who are required to obtain a Unique Identification Number (UIN) under the MAPIN Regulations for buying, selling or dealing in securities, should not apply if they have not obtained the UIN as required.

The bidders are required to indicate in the Bid-cum-application form whether they are required to obtain UIN and if required, quote the same. Failure to quote UIN, when required may lead to rejection of the bid-cum-application form.

It is reiterated that the bidders/ investors are solely responsible to ascertain whether they are required to obtain UIN and quote the same for their securities transaction. Neither the Issuer nor any of the intermediaries associated with the issue have an obligation to verify the same.

Company Right to Reject Bids

The company, the BRLMs, and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefor in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, we, BRLMs have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- a) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- b) Bank account details (for refund) are not given;
- c) Age of First Bidder not given;
- d) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- e) PAN not given if Bid is for Rs. 50,000 or more or Copy of Form 60 or Form 61 as required not given;
- f) Bids for lower number of Equity Shares than specified for that category of investors;
- g) Bids at a price less than lower end of the Price Band;
- h) Bids at a price more than the higher end of the Price Band;
- i) Bids at cut-off price by Non-Institutional and QIB Bidders;
- j) Bids for number of Equity Shares which are not in multiples of (●);
- k) Category not ticked;
- l) Multiple bids as defined in this Draft Red Herring Prospectus;

- m) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- n) Bid-cum-Application Form does not have the stamp of the BRLMs, or Syndicate Members;
- o) Bid-cum-Application Form does not have Bidder's depository account details;
- p) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum-Application Form
- q) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. see the details regarding the same at page [●] of this Draft Red Herring Prospectus;
- r) Bids accompanied by money order/postal order/cash;
- s) Signature of sole and / or joint bidders missing;
- t) Bids by OCBs;
- u) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID).
- v) Unique Identification Number – MAPIN, not given by specified intermediaries and specified investors as required.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two tripartite agreements have been signed between our Company and the Depositories:

- a) an agreement dated [●] with NSDL, the Company and Intime Spectrum Share Registry Limited
- b) an agreement dated [●] with CDSL, the Company and Intime Spectrum Share Registry Limited

All bidders can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors.

As this Issue comprises of Fresh Issue, investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

In case of pre issue or post issue related problems such as non-receipt of letters of allotment/ refund orders etc., the investors can contact the Compliance Officer.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, draft number and issuing bank thereof.

The company has appointed Mr. Aniket Hirpara, Company Secretary as Compliance Officer. He can be contacted at Provogue (India) Limited, 138-141, Govt. Indl. Estate, Charkop, Kandivali (W), Mumbai – 400 067, Tel: 91 22 2869 3893, Fax: 91 22 2868 2225, e-mail: investorservice@provogue.net

The Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Procedure and Time Schedule for Allotment of Equity Shares and Disposal of Applications and Application Money

The company reserves, at their absolute and uncontrolled discretion and without assigning any reason therefor, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below: "Any person who:

- (c) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (d) 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."

Disposal of Applications and Application Money

The company shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs.1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

The company shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the company, further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- The company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- The company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment/ transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 days time prescribed above.

The company shall provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the record of the Bidder.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of allotment or allocation

A For Retail Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 14,17,291 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 14,17,291 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of (•) Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non Institutional Bidders

- Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 6,07,410 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 6,07,410 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of (•) Equity Shares. For the method of proportionate basis of allotment refer below.

- C. For QIBs
- Mandatory 50% of the Net Issue to the Public i.e. 20, 24,701 shares shall be allotted to QIBs failing which the entire subscription money shall be refunded
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
- The Issue size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allotment would be decided by the Company in consultation with the BRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.

The Company shall, in consultation with the BRLMs, would have the discretion for any allocation to QIBs.

Procedure and Time Schedule for Transfer of Equity Shares

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non- Institutional Bidders and Retail Individual Bidders, the Company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment/transfer of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment for Retail and Non-Institutional

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the (●):

- a) The subscription in the Retail and the Non-Institutional portion will be computed separately.
- b) Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000 shall be those which have applied for a minimum shares arrived at by multiplying the minimum shares to be allotted by the number of time the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of time the category is subscribed.
- c) If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- d) The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
- e) **If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.**

Interest in case of delay in Despatch of Allotment Letters/Refund Orders in case of Public Issues

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of the public issue. The Company further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the date of closure of the Issue

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and refund orders of value upto Rs. 1,500 by under Certificate of Posting and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Company.

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Undertaking by the Company

The Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue;
- that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Draft Red Herring Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

The Board of Directors of the Company Certify that:

- all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilisation of net proceeds of the Fresh Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI. Under present regulations, the maximum permissible FII investment in our Company is restricted to 24% of our total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by our shareholders; however, as of the date hereof, no such resolution has been recommended to Board or our shareholders for adoption.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the government of India or RBI while granting such approvals.

DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/splitting are detailed below.

No regulations contained in Table 'A' of Schedule I to the Companies Act shall apply to this Company but the regulations for the management of the Company and for observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration or of addition to, its regulations by special resolution, as prescribed by the Companies Act be such as are contained in these Articles of Association.

SHARE CAPITAL

Article 3 provides as follows:

- A. The Authorised Share Capital of the Company is Rs. 18,00,00,000 (Rupees Eighteen Crores only) divided into 1,80,00,000 (One Crore Eighty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Increase in Capital

Article 5 provides as follows:

The Company in General Meeting may from time to time by Ordinary Resolution increase the capital by the creation of new shares, the increases to be of such aggregate amount and to be divided into Shares of such respective amounts as the Resolution shall prescribe, subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or a qualified right to dividends, and in the distribution of the assets of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

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Article 10 provides as follows:

The Company may from time to time by Special Resolution, subject to the provisions of Section 78, 80, 100 to 104 inclusive of the Act, reduce its Share Capital and any Capital redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law.

Sub-division, consolidation and cancellation of shares

Article 11 provides as follows:

- A. The Company in general meeting may subject to the provisions of Section 94 of the Act by Ordinary Resolution alter the conditions of its Memorandum as follows, that is to say, it may:
 - a) Consolidate and divide any of its Share Capital into Shares of larger amounts than its existing shares;
 - b) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid-up and 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 reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage or otherwise over the others or any other such share.
 - c) Convert all or any of its fully paid-up shares in to stock and reconvert that stock into fully paid-up shares of any denomination.
 - d) Cancel shares which, on the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled;
- B. The cancellation of shares in pursuance of this Article shall not be deemed to be reduction of Share Capital.

SHARES AND CERTIFICATES

Register and Index of Members

Article 14 provides as follows:

The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialized forms in any medias may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in the State or country.

Further issue of capital

Article 17 provides as follows:

- a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of un-issued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstance admit, to the capital paid up on these shares at that date. Such offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.
- b) Notwithstanding any thing contained in the preceding sub clause, the Company may:
 - i) By a special resolution; or
 - ii) Where no such special resolution is passed, if the vote cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

Offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer are the holders of the Equity Shares of the Company.

- c) Notwithstanding any thing contained in sub-clause (a) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

Power also to Company in General Meeting to issue shares

Article 20 provides as follows:

In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 17, 18 and 19 the Company in general meeting may, subject to the provisions of Section 81 of the Act determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether a Member or not), in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as the general meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Issue of Shares for consideration other than Cash

Article 21 provides as follows:

Subject to these Articles and the provisions of the Act, the Board may issue and allot share in the Capital of the Company as payment, or in consideration, or as part payment, or in part consideration of the purchase or acquisition of any property or for services, rendered to the Company in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid-up or partly paid-up shares.

Liability of members

Article 24 provides as follows:

Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain unpaid thereon, in such amounts at such time or times in such manner as the Board shall from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Declaration by person not holding beneficial interest in any shares

Article 31 provides as follows:

- a) Notwithstanding anything herein contained a person whose name is at any time entered in the register of members of the Company as a holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, if so required by the Act, within such time and in such forms as may be prescribed make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in such manner as may be provided in Section 187 C of the Act.
- b) A person who holds a beneficial interest in a share a class of shares of the Company shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187 C of the Act.
- c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187 C of the Act.
- d) Notwithstanding anything contained in Section 153 of the Act and Article 30 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

Funds of Company may not be applied in purchase of the shares of company

Article 32 provides as follows:

Except as provided in these Articles, none of the funds of the Company shall be applied in the purchase of, or land on the security of shares of the Company and the Company shall not, except as permitted by Section 77 of the Act, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company.

Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

Dealing in its own shares

Article 33 provides as follows:

Subject to and in accordance with the applicable provisions of the Companies Act, 1956 and all other applicable provisions of law (including any statutory modifications or re-enactment thereof for the time being in force or as may be enacted from time to time) and subject to such other approvals/permissions or sanctions as may be required, the Company shall have power to acquire, purchase, sell, dispose off, provide finance for the purchase of any of its own fully/partly paid shares whether or not they are redeemable and to make the payment out of Capital Reserves or otherwise in respect of such acquisition, purchase, financing.

DEMATERIALISATION OF SECURITIES

Article 34 provides as follows:

- b) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a Company in a dematerialised form pursuant to the Depositories Act, 1996.
- c) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the security.

- d) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained

in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

- (e) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

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

 (c) 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 securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.
- (f) Notwithstanding anything in the Act or these Articles to the contrary, 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 electronics mode or by delivery of floppies or discs.
- (g) Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (h) Notwithstanding anything in the Act or these Articles, where securities dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- (i) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- (j) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

Issue of Shares without Voting Rights

Article 35 provides as follows:

In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

Buy-Back of Shares and Securities

Article 36 provides as follows:

Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.

Employees Stock Options Scheme/Plan

Article 37 provides as follows:

The Directors shall have the power to offer, issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as "the Employees") as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.

Sweat Equity

Article 38 provides as follows:

Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.

Postal Ballot

Article 39 provides as follows:

The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Companies Act, 1956 ("the Act") and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

INTEREST OUT OF CAPITAL

Article 42 provides as follows:

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfer

Article 74 provides as follows:

The Company shall keep a book to be called "Register of Transfer", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form.

Transfer by Joint Holders

Article 76 provides as follows:

In the case of transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Transfer form to be completed and Presented to the Company

Article 77 provides as follows:

The Instrument of Transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of the transfer, the certificate or certificates of the shares must be delivered to the Company.

Transfer Books and Register of Members when closed

Article 78 provides as follows:

The Board shall have power on giving not less than 'seven days' previous notice by advertisement in some newspaper circulation in the district in which the Office of the Company is situated to close the Transfer Books, the Register of Members or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in a year.

Directors may refuse to register Transfers

Article 79 provides as follows:

- (a) Subject to the provisions of Section 111 of the Act and Section 22 A of the Securities Contracts (Regulation) Act, 1956, the Board may, at its own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares, debentures, debenture warrants, whether fully paid or not (notwithstanding that the proposed transferee be already a Member) but in such cases it shall within two months from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal to register such transfer. The Board shall not refuse the registration of transfer on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account

whatsoever.

- (b) Without prejudice to the generality of provisions of Articles 79 (a), the Board may refuse to register transfer of shares, debentures or debenture warrants, listed on any of the registered Stock Exchanges, in the name of the transferee on any one or more of the following grounds, namely:-
 - i) That the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the share/s, debenture/s, debenture warrant/s, has not been delivered to the company, or that any other requirement under the law relating to registration of such transfer has not been complied with;
 - ii) That the transfer of shares, debentures or debenture warrants is in contravention of any law;
 - iii) That the transfer of shares, debentures or debenture warrants is likely to result in such a change in the composition of the Board of Directors as would be prejudicial to the interest of the company or to Articles 172;
 - iv) That the transfer of shares, debentures or debenture warrants is prohibited by any order of any Court, Tribunal or other Authority under any law for the time being in force;
- c)i) The Board shall before the expiry of two months from the date on which the instrument of transfer is lodged with the company for the purposes of such transfer, form its opinion as to whether such registration ought not to be refused on any of the grounds mentioned in Articles 79 (b);
 - ii) If the Board has formed the opinion that such registration ought to be refused on the grounds, mentioned in Clause (i) of Article 79 (b), it shall intimate the transferor and transferee by notice;
 - iii) If the Board forms an opinion that such registration ought to be refused on any of the grounds mentioned in Clause (i) of Article 79 (b), it shall intimate the transferor and transferee by notice.
 - iv) If the Board forms an opinion that such registration ought to be refused on any of the grounds mentioned in Clause (ii) to (iv) of Article 79 (b), it shall make a reference to the Tribunal, if required, under the Law.
- d) The Board shall not issue debenture/bonds with the right to allotment or conversion into shares without sanction of the company in the general meeting.

Transfer of shares

Article 80 provides as follows:

- i) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the company shall unless objection is made by the of Members the name of the transferee in the same manner and subject to same conditions as if the application for registration was made by the transferee.
- ii) For the purpose of Clause (i) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- iii) It shall be not be lawful for the company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the company along with the Certificate relating to the Shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer, provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the company may, if the Directors think fit, on an application in writing made by the transferee and bearing he stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- iv) Nothing in Clause 80 (iii) above shall prejudice any power of the company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.

- v) Nothing in this Article shall prejudice any power of the company to refuse to register the transfer of any share.

Transfer of shares in Dematerialised form

Article 95 provides as follows:

In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

BORROWING POWER

Powers to borrow

Article 98 provides as follows:

Subject to the provisions of Section 58A, 292 and 293 of the Act and of the Companies (Acceptance of Deposits) Rules, 1975 and of these Articles or any statutory modification thereof for the time being in force the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the company. Provided the payment of any sum or sums of money for the purpose of the Company. Provided however where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its, free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No Debt incurred by the Company in excess of the limit imposed by these Articles shall be valid or effectual unless the lender proves that he advances the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

Payment or repayment of moneys borrowed

Article 99 provides as follows:

Subject to the provisions of Article 98 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit., and in particular by a resolution passed at a Meeting of the Board by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, debentures-stock and other securities may be made assignable free from any equities between the Company and person to whom the same may be issued.

Register of mortgage etc. to be kept

Articles 103 provides as follows:

The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charged specifically affecting the property of the Company and shall cause the requirements of Section 118, 125 and 127 to 144 of the Act in that behalf to be duly complied with, (within the time prescribed by the said section or such extension thereof as may be permitted by the Company Law Board or the Court or the Registrar of Companies as the case may be) so far as they feel to be complied with by the Board.

Indemnity may be given

Article 105 provides as follows:

The Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the company or upon any of its property or assets or otherwise. If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

MEETING OF MEMBERS

Annual General Meeting

Article 116 provides as follows:

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting and the

Statutory Meeting shall be called Extraordinary General Meetings. The First Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of the Company. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting, which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be kept on the table the Director's Report and Audited Statement of Accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts) the Proxy Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Section 171 to 186 of the Act shall apply to Meeting

Article 117 provides as follows:

- (a) Section 171 to 175 and Sections 177 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or of debenture holders or any class of debenture holders of the company in like manner as they apply with respect to General Meeting of the company.
- (b) Section 176 of the Act with such adaptations and modifications if any, as may be prescribed shall apply with respect to meetings of any class of members or of debenture holders of the company in like manner as it applies with respect to General Meeting.

Special Business

Article 118 provides as follows:

- a) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to:
 - i The consideration of the Accounts, Balance Sheet and Profit and Loss account and Report of the Board of Directors and of the Auditors;
 - ii the declaration of dividend;
 - iii the appointment of Directors in the place of those retiring;
 - iv the appointment of and fixing of the remuneration of the Auditors.
- b) In the case of any other meeting all business shall be deemed special.
- c) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director.
- d) Where any item of business to be transacted at the meeting or the Company consists of according to the approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the explanatory statement referred to in sub-clause (c) of this Article.

Quorum at General Meeting

Article 137 provides as follows:

Five Members present in person shall be the quorum for a General Meeting.

Questions at General Meeting how decided

Article 138 provides as follows:

At any General Meeting a resolution including a special resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the voting on any resolution on a show of hands a poll is ordered to be taken by the chairman of the meeting of his own motion or on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid-up. Unless a poll be so demanded, and ordered to be taken a declaration by the Chairman that a resolution has on a show of hands, been carried or carried

unanimously, or by a particular majority or lost, and an entry to that effect in the Minute Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

VOTES OF MEMBERS

Restrictions on Voting

Article 149 provides as follows:

No Member shall be entitled in respect of any shares registered in his name to be present or to exercise any voting right on any question at any General Meeting or be reckoned in a quorum whilst any call or other sum presently payable to the Company in respect of such shares, shall remain unpaid or in regard to which the Company has exercised any right of lien; and no member shall be entitled to be present or to vote in respect of any shares that he has acquired by transfer at any meeting unless his name has been entered as the registered holder of such share in respect of which he claims to vote.

Equal Rights of Shareholders

Article 150 provides as follows:

Any shareholder whose name is entered in the Register of Members of the company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Number of votes to which a member is entitled

Article 151 provides as follows:

Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting, and on a show of hands every Member present in person or by proxy shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up Equity Share capital of the Company. Provided, however if any preference Shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

Votes of joint members

Article 154 provides as follows:

If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting that one of the said person so present whose name stands higher on the register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose names shares stand for the purpose of these Articles be deemed as joint holders thereof.

Voting in person or by proxy

Article 155 provides as follows:

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holders all holders) shall not appoint more than one person as proxy.

Proxy to vote only on a poll

Article 160 provides as follows:

A Member present by proxy shall be entitled to vote only on a poll.

Dividends

Division of profits

Article 238 provides as follows:

Subject to the provision of Section 205 of the act and the rules made there under, the profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provision of these Articles, shall be divisible among Members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

The Company in General Meeting may declare a dividend

Article 239 provides as follows:

The Company in General Meeting may declare dividends to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Dividends only not to be paid out of profit

Article 240 provides as follows:

No dividend shall be declared or paid except in accordance with Section 205 and Section 205 A of the Act and no dividend shall carry interest as against the Company. The declaration of the Board as the amount of profits of the Company shall be conclusive. Where a dividend has been declared, either the dividend shall be paid or the warrant in respect thereof shall be posted to the shareholder entitled to the payment of the dividend within time prescribed under Section 207 of the Act.

Dividend payable to Registered holders

Article 241 provides as follows:

No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Interim Dividend

Article 242 provides as follows:

Subject to the provision of the Act, the Board may, from time to time pay to the Members such interim dividend as in their judgment the position of the Company justifies.

Capital paid-up in advance at interest, not to earn dividend

Article 243 provides as follows:

Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

Dividends in proportion to amount paid up

Article 244 provides as follows:

All dividends shall be apportioned and paid proportionately to amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such share rank for dividend accordingly.

Right to dividend rights / Bonus shares to be held in abeyance pending registration of transfer

Article 245 provides as follows:

Subject to the provisions of the Act, where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the company, notwithstanding anything contained in any other provisions of the Act, the company shall: (a) transfer the dividend in relation to such shares to the special account referred to in Section 205-A unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instruments of transfer, and (b) keep in abeyance in relation to such shares any offer of rights shares under section 81 (1) (a) and any issue of fully paid bonus shares in pursuance of section 205 (3) of the Act.

Transfer of shares must be registered

Article 246 provides as follows:

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend etc. to joint holders

Article 247 provides as follows:

Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.

No member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out

Article 248 provides as follows:

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or

shares or otherwise on any other account whatsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Dividend how Remitted

Article 249 provides as follows:

Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post of the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holding. Every such cheques or warrant or pay-slip shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. When a dividend cheque, warrant, pay slip or receipt is so posted the Company shall be deemed to have paid the dividend to the person entitled to it.

Unclaimed dividend

Article 250 provides as follows:

The Company shall not forfeit any unpaid or unclaimed dividend and such dividends shall be dealt with according to the provisions of Section 205A, 205B, 205C and 205D of the Companies Act, 1956.

No interest on dividend

Article 252 provides as follows:

Subject to the provision of the Act, no unpaid dividend shall bear the interest as against the Company.

Unpaid dividend

Article 253 provides as follows:

Where a dividend has been declared by a company but has not been paid, or the warrant in respect thereof has not been posted, within 42 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 days from the date of expiry of the said period of 42 days transfer the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of 42 days, to special account to be opened by the Company in that behalf in any scheduled Bank to be called "Unpaid dividend account of PROVOGUE (INDIA) LIMITED.

Dividend to be payable in cash

Article 254 provides as follows:

Save as stated in Article 255, no dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

Special provisions in respect of dividend

Article 255 provides as follows:

Subject to the provisions of Section 205 of the Act and if and in so far as may not be prohibited by that Section or any of the Provisions of the Act, any General Meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend, wholly or in part, by the distribution of partly or fully paid up, shares and the Directors shall give effect to such direction and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates or that fractions of less value than Rupee one may be disregarded, in order to adjust the right of the parties and may vest any such shares, in trustees upon such trusts for the person entitled to the dividend as may seem expedient to the Directors. When required the Directors shall comply with Section 75 of the Act and the Directors may appoint any person to sign any contract thereby requires on behalf of the persons entitled to the dividend and such appointment shall be effective.

Capitalisation of profits and reserves

Article 256 provides as follows:

- a) The Company in General meeting may, upon recommendation of the Board resolve that it is desirable to capitalize any undivided profits of the Company not required for paying the fixed dividends on any Preference shares (including profits carried and standing to the credit of any reserve or reserves or other special account and profit arising from the realization of any capital assets or the issue of shares

at a premium) and accordingly that the Directors be authorised to the member who would have been entitled to receive the same had such sums been distributed by way of dividends in accordance with their rights, and to apply such profits on their behalf on the footing that they become entitled thereto as capital either in or towards paying up the amount, if any, for the time being unpaid on any shares by such members respectively, or in paying up in full un-issued shares, debentures or securities of the Company of a nominal amount equal to such profits, such shares, debentures or securities to be allotted and distributed, credited, as fully paid-up, to and amongst such members in the proportion aforesaid, or partly in one way and partly in other. Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all the allotments and issues of fully paid shares, debentures or securities, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provisions by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares, debentures or securities becoming distributable in fraction and also to authorise any person to enter on behalf of all the members in to an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as they case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any parts of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

- b) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may by resolution of the Company be applied in paying up in full or in part any new shares or any shares then remaining un-issued to be issued such members of the Company or other persons as the Directors may resolve up to an amount equal to the nominal amount of the shares so issued.

INTEREST OUT OF CAPITAL

Interest may be paid out of capital

Article 257 provides as follows:

Where any shares in the Company are issued for the purpose of raising money to defray the expenses of construction of any work or building, or the provisions of any plant, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that Share Capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

INDEMNITY AND RESPONSIBILITY

Director's and other's right of indemnity

Article 279 provides as follows:

- a) Subject to the provisions of Section 201 of the Act, every Director, Manager, Auditor and other Officer or Servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the Funds of the Company to pay all costs, losses and expenses which any such Director, Manager, Auditor or other Officer of Servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such Director, Manager, Auditor of other Officer or servant or in any way in the discharge of his duties including traveling, expenses and in particular and so as not to limit the generality of the forgoing provisions against all liabilities incurred by him as such Director, Manager, Auditor or other Officer in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or he is acquitted, or in connection with any application under Section 633 of the Act in which relief is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.
- b) Subject to the provision of Section 201 of the Act, no Director, Manager, or other Officer of the Company shall be liable for the acts, receipts neglects or defaults of any other Director or Officer or for joining in any receipt or other Act for conformity or for any loss or for joining in any receipt or other Act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effect shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonest.

LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus have been delivered to the Registrar of Companies Maharashtra, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of Provogue at 138-141, Government Industrial Estate, Charkop, Kandivali (W), Mumbai - 400 067 between 11:00 am. to 5:00 p.m on working days from the date of this Red Herring Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated March 31, 2005 entered into with SBI Caps, Karvy and Anand Rathi, to act as the Book Running Lead Managers to the Issue along with Inter –Se Allocation of Responsibility
2. Memorandum of Understanding dated March 17, 2005 entered into with Intime Spectrum Registry Limited, to act as the Registrar to the Issue
3. Letter dated January 31, 2005 from the Company appointing SBI Capital Markets Limited and Karvy Investor Services Limited and dated March 31, 2005 appointing Anand Rathi Securities Pvt. Limited as the Book Running Lead Managers, and their acceptance thereto
4. Letter dated March 17, 2005 appointing Intime Spectrum Registry Limited as the Registrars to the Issue
5. Escrow Agreement dated [•] between [•]
6. Syndicate Agreement dated [•] between [•]

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company as amended from time to time
2. Certificate of incorporation of the Company dated November 17, 1997 and Certificate of change of name dated March 11, 2005 (subsequent to change to a public limited company)
3. Fresh Certificate of Incorporation consequent to change of name dated March 14, 2005
4. Certificate of Commencement of Business and Certificate of Registration of Special Resolution passed for Alteration of Objects dated March 18, 2005
5. Resolution of the Members of the Company passed at the Extra Ordinary General Meeting held on March 15, 2005, appointing Mr. Nikhil Chaturvedi as a Managing Director for a period of 5 years with effect from April 1, 2005 and approving the remuneration payable to him
6. Resolution of the members of the Company passed at their Extra Ordinary General Meeting held on March 15, 2005 appointing the whole time directors and approving the remuneration payable to them
7. Copy of the resolution passed at the meeting of the Board of Directors held on March 11, 2005 and a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on March 15, 2005 approving this Public issue
8. Copy of Resolution of the Members of the Company passed at the Extra Ordinary General Meeting held on March 2, 2005 pursuant to Section 81(1A) of the Companies Act
9. Consents of the Directors, Company Secretary, Auditors, Lead Manager to the Issue, Legal Advisors, Bankers to the Company, Bankers to the Issue, Compliance Officer and Registrars to the Issue, to include their names in the Letter of Offer to act in their respective capacities
10. Consent dated March 21, 2005, from M/s. Singrodia Goyal & Co., Chartered Accountant for inclusion of their reports on accounts in the form and context in which they appear in the Draft Red Herring Prospectus
11. The report of the statutory auditors, M/s. Singrodia Goyal & Co., Chartered Accountant dated March 17, 2005 prepared as per Indian GAAP and mentioned in the Draft Red Herring Prospectus and copies of balance sheet and profit and loss account of the Company referred to therein
12. Letter dated March 17, 2005 from the Auditors of the Company, M/s. Singrodia Goyal & Co. Chartered accountants confirming Tax benefits a mentioned in this Letter of Offer
13. Resolution of the Members of the Company passed at the Annual General Meeting held on September 27, 2004 appointing M/s. Singrodia Goyal & Co. Chartered Accountant as statutory auditors
14. Resolution of the Meeting of the Board of Directors held on March 14, 2005 for the formation of the Company's Audit Committee, Investors Grievances Committee, and Remuneration Committee

15. Annual reports of the Company for the last 5 financial years.
16. Due Diligence Certificate dated April 06, 2005 from Lead Manager, SBI Capital Markets Limited and Karvy Investor Services
17. Tripartite agreement dated [•] between the Company, (Registrar) and NSDL, for offering depository services.
18. Tripartite agreement dated [•], between the Company, (Registrar) and CDSL, for offering depository services.
19. SEBI Observation letters dated [•] and Company's reply dated [•]
20. In-principle listing approval dated [•] from BSE
21. In-principle listing approval dated [•] from NSE
22. Agreement of Assignment & Memorandum for closing dated September 28, 2004 with Acme Global, a partnership firm for takeover of its business
23. Talent Utilisation Agreement with Brand Ambassador of the Company dated August 10, 2004
24. Share Subscription Agreement between Bennett, Coleman and Co. Limited and the company dated February 14, 2005
25. MOU entered into with Acme Global dated April 1, 2004, for acquiring the business on a going concern basis.
26. License Agreement entered into between the Company and M/s. Rajni Frames for allowing the use of the Company's brand name "Provogue" for the eyewear manufactured and sold by it and deciding on the terms of payment of Royalty on Minimum Guarantee and Variable Royalty.
27. Business Conducting Agreements with Acme Hotels & Hospitality Pvt. Ltd. Dated October 1, 2003 and January 1, 2005 for managing Provogue Lounge.
28. Agreement for Sale dated March 29, 2005 executed between the Company and Acme Exports for the purchase of land and industrial building situated at Daman.
29. General Power of Attorney dated [•], executed by the Company in favour of [•] for signing and making necessary changes to the Draft Red Herring Prospectus.
30. Copy of the Agreements entered into with the Managing Director and Wholetime Directors
31. Leave and Licence Agreement for the warehouse at Tarapore

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required, in the interest of the Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF PROVOGUE (INDIA) LIMITED

Sd/-

Mr. S. Jambunathan
Non Executive Chairman

Sd/-

Mr. Salil Chaturvedi
Whole time Director

Sd/-

Mr. Deep Gupta
Whole Time Director

Sd/-

Mr. Rakesh Rawat
Whole Time Director

Sd/-

Mr. Rakesh Jhunjunwala
Director

Sd/-

Mr. Prakash Thakur
Director

Sd/-

Mr. Nikhil Chaturvedi
Managing Director

Sd/-

Mr. Akhil Chaturvedi
Whole Time Director

Sd/-

Mr. Nigam Patel
Whole Time Director

Sd/-

Mr. Timothy Leif Walton Eynon
Director

Sd/-

Mr. Shahid Balwa
Director

Place: Mumbai

Date [•]