



**GROWTH IS THE  
ONLY CONSTANT !**

**ANNUAL REPORT  
2009 - 2010**

**EVINIX INDUSTRIES LIMITED**

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Statement of Accounts on the performance of the company for the financial year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

Rs in lacs

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>Total Income</b>	<b>16574.41</b>	<b>12295.24</b>
Profit before Depreciation and Interest	1726.94	1547.44
Finance Cost	771.09	582.11
Depreciation	235.67	169.29
Provision for Tax *Including FBT	51.41	84.72
Profit from Operations	720.19	711.32
Deferred Tax	(62.32)	157.45
Profit after Tax	731.10	553.87
Prior Year Adjustment	4.45	24.43
Add: Surplus of last Year	3056.76	2527.36
<b>Surplus available for appropriation</b>	<b>3783.40</b>	<b>3056.81</b>
<b>Appropriations</b>		
General Reserve	0.00	0.00
Proposed Dividend on Equity Shares	0.00	0.00
Surplus Carried to Balance Sheet	3783.40	3056.81
<b>Surplus available for appropriation</b>	<b>3783.40</b>	<b>3056.81</b>

### PERFORMANCE OF YOUR COMPANY

Your Company is engaged in fashion accessories & apparels and fabric products. The Company is growing on a consistent basis and year 2009-10 was not an exception to the same. The Gross income from operation was Rs. 16033.40 lacs in comparison to Rs. 12192.82 lacs during the previous year. Profit after Tax during the year was Rs. 731.10 Lacs compared to Rs. 553.87 Lacs during the previous year.

The Operating profit was lower due to high lease rentals on expanded retail space and prolonged discounting. Your Company has made investments and incurred lease rentals in opening up of new stores, the full benefit of which will accrue in coming years.

### DIVIDEND

Your Directors are of the view that in the current phase of expansion and the large opportunities of further growth available to the company, there will be a need to conserve the funds. Hence, your directors do not recommend dividend for the year financial year ended March 31, 2010.

### CAPITAL STRUCTURE:

The authorised capital of the Company is Rs. 20,00,00,000/- comprising of 20,00,00,000 Equity shares having face value of Re. 1 out of which the issued, subscribed and paid up capital is Rs. 10,70,00,000/- comprising of 10,70,00,000 Equity shares having face value of Re. 1/- per share.

### DIRECTORS

In accordance with the Provisions of the Companies Act, 1956, and the Articles of Association of the Company Dr. Deepak Malhotra, Independent Director, would retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

A brief note in terms of the requirement of the Corporate Governance on the aforesaid Director has been included at Part - I of Annexure - II.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Members of the Board confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation;
2. Prudent accounting policies have been selected and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the Profit of the Company for financial year ended 31st March 2010;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. Annual accounts have been prepared on a going concern basis.

## **REGISTRAR AND SHARE TRANSFER AGENT**

Beetal Financial & Computer Services Private Limited is continued to act as Registrars and Share Transfer Agents as common agency both for physical and dematerialized shares as required under Securities Contract (Regulation) Act, 1956.

The detail of RTA forms part of the Corporate Governance Report.

## **CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreement, a Report on Corporate Governance along with Certificate on Corporate Governance confirming compliances with the conditions of Corporate Governance obtained from the Statutory Auditors of the Company is annexed to this Report. **(Part - 2 of Annexure - II)**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The detailed review of operations, performance and future outlook of the Company is given separately under the head "Management Discussion and Analysis". **(Part - 1 of Annexure - II)**

## **LISTING AT STOCK EXCHANGE**

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange and National Stock Exchange. The Annual Listing Fees for the year 2010-11 have been paid to the Stock Exchanges.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information in accordance with the provisions of Section 217(1)(e) of Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure - I) hereto and forms part of this report.

## **PUBLIC DEPOSITS**

The Company has neither invited/ nor accepted any deposits during the year within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

## **PERSONNEL**

Employee relations continued to be cordial during the year March 31, 2010. Your Company continued its thrust on Human Resource Department. Your Company has initiated various customized training programs viz. personality development, development of inter personal skills, communication skills, public speaking etc. for its employees that enhance both personal, as well as career growth of the employees. These programs are conducted round the year by professional trainers as well as by the human resource department of the Company. Your Company has also encouraged its employees to attend seminars and discussions conducted by professional institutions and trade bodies. The Board wishes to place on record its appreciation to all the employees in the Company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year.

#### **PARTICULARS OF EMPLOYEES**

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particular of the employee is set out in the Annexure I (Annexure to the Director's Report)

#### **AUDITORS & AUDITORS' OBSERVATIONS**

M/s. A.S. Patwa & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, have expressed their willingness to continue, if appointed. Your Directors recommend their re-appointment.

Observations in the Auditors' Report are dealt with in Notes to Accounts at appropriate places and being self-explanatory need no further explanation.

#### **APPRECIATION**

Your Director place on record their sincere gratitude to the continuing patronage of our valued customers, bankers and financial institutions, business associates, shareholders, suppliers and other statutory authorities who have extended their valuable sustained support and encouragement to your Company. Your Directors look forward to all of your continued support and undertaking in the years to come.

Special thanks to outgoing Promoter Director, Mr. Sanjay Taneja, who has helped founding textile based accessories exports in caps, bags, scarves from India a first step in early 1990's till now. It is his relentless services to your company which shall always be bench mark for Team Evinix to look up to.

Your Managing Director, Rajeev Taneja places special thanks to all of you associated with your company specially his colleagues, associates, bankers, statutory & regulatory authorities who have helped him in founding, promoting, steering your company to it's present position in this special categories of specially Fashion accessories. This financial year shall be special as directors are being rotated, i.e. Mr. K.M. Gupta shall be taking over reins of the company as new Managing Director & special thanks as well congratulations to him on this new responsibility.

Your directors wish to place on record, their sincere appreciation to the dedication and commitment of its employees for the growth of the Company. Which has understandably, been significant for the Company's success in meeting Targets during testing times as this year.

**For and on behalf of the Board**

**Date: August 14, 2010**  
**Place: FARIDABAD**

**(Rajeev Taneja)**  
**Managing Director**

**(K.M. Gupta)**  
**Executive Director (F & A)**

## ANNEXURE - I

### ANNEXURE TO THE DIRECTORS' REPORT

#### I. Statement of particulars pursuant to Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.

##### 1. Conservation of Energy

- a. Energy conservation measures taken : During the period under review, the company has saved energy in production process by optimizing the resources.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy. : Nil
- c. Impact of measures at (a) & (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods. : All efforts will result in economy of resources and cost cutting.
- d. Total Energy Consumption and Energy Consumption per unit of production. : Given in the below mentioned chart:

##### A. POWER AND FUEL CONSUMPTION

Sl. No.	PARTICULARS	CURRENT YEAR 2009-2010	PREVIOUS YEAR 2008-2009
1.	Electricity		
	<b>a. Purchased</b>		
	Units (Nos.)	737617	818728
	Total Amount (Rs.)	3855857	4116504
	Rate/Unit (Rs.)	5.23	5.02
	<b>b. Own Generation</b>		
	i) Through Diesel		
	Quantity (Ltr.)	147703	91000
	Total Amount (Rs.)	4927680	3181957
	Average Rate (Rs.)	33.36	34.97
	Generate (Units) (Nos.)	1119160	660660
	Unit per-ltr of Diesel oil (Nos.)	7.58	7.26
	Cost/Unit (Rs.)	5.52	4.82
	ii) Through Steam Turbine	N.A.	N.A.
	<b>2. Coal</b>	N.A.	N.A.
	<b>3. Diesel (Excluding use on Generation of Electricity)</b>		
	Quantity (Ltrs)	41575	27900
	Total amount (Rs.)	1345788	953063
	Average Rate (Rs.)	32.37	34.16
	<b>4. Others/Internal generation</b>	N.A.	N.A.

##### B. CONSUMPTION PER UNIT OF PRODUCTION

Sl. No.	PARTICULARS	ACCESSORIES (PER PIECE)	
		CURRENT YEAR	PREVIOUS YEAR
1	ELECTRICITY (Units)	0.63	0.63
2	COAL	N.A.	N.A.
3	OTHERS	N.A.	N.A.

## II. TECHNOLOGY ABSORPTION : Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

### A. RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the Company. : R & D work has already started and will continue for sometime more.
2. Benefits derived as a result of the above R&D : N.A
3. Future Plan of Action : The company is exploring new areas and new range of products.
4. Expenditure on R&D
  - a. Capital : NIL
  - b. Recurring : NIL
  - c. Total : NIL
  - d. Total R&D Expenditure as a Percentage of total turnover : NIL

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief made towards technology absorption, adaptation and innovation. : N.A
2. Benefits derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : N.A
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : NIL
  - a. Technology imported : N. A.
  - b. Year of import : N. A.
  - c. Has technology been fully absorbed? : N. A.
  - d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. : N. A.

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export initiatives taken to increase exports; development of new export markets for products and services and exports plan. : Company's export income has view of the world. Company's Exports have grown considerably during the last financial year. Company is coming out with new & innovative Export plans to further improve it during the next financial year.
2. Total Foreign exchange used and earned : The information regarding Foreign Exchange earnings and outgo are contained in Notes No. 18 & 19 in the Notes to the Accounts.

**IV. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2010.**

Part - A: Employed for the whole of the financial year under review and was in receipt of remuneration in aggregate of not less than Rs. 2, 00,000/- per month.

Sl. No.	Name of the Employee	Designation and nature of Duties	Remuneration Received (In Rs.)	Nature of Employment, Whether Contractual or otherwise	Qualifications and experience of employee	Age	Date of Appointment	Previous employment	Percentage of equity shares held
1.	Mr. Rajeev Taneja	Managing Director	30,00,000/-	Regular	Bachelor of Science (Electrical Engineering) and Post Graduate in International Trade. 25 Years of Experience Across leading Indian Corporates.	50	13/12/2005	N.A.	10.45%
2.	Mr. K. M. Gupta	Executive Director	24,00,000/-	Regular	Bachelor of Finance & Accounts Commerce. More than two Decades Experience in Import/Export of Jewellery items & Textile Accessories	52	04/04/2009	N.A.	NIL

**For and on behalf of the Board**

**Date: August 14, 2010**  
**Place: FARIDABAD**

**(Rajeev Taneja)**  
**Managing Director**

**(K.M. Gupta)**  
**Executive Director (F & A)**

## ANNEXURE-II (PART – 2)

### COMPLIANCE REPORT ON CORPORATE GOVERNANCE (MANDATORY REQUIREMENTS)

#### 1. Statement on company's philosophy on Code of Corporate Governance.

Your Company is committed to good corporate governance in order to enhance shareholders' value. The company believes that Corporate Governance is not an end in itself but a catalyst in the process towards maximization of shareholder value. The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres its operations and in all its dealings with the shareholders, employees, the Government and other parties. It is the Company's belief that good ethics make good business sense and our business practices are in keeping with the spirit of maintaining the highest level of ethical standards.

In so far as compliance of Clause 49 of the Listing Agreement with the Stock Exchanges is concerned, the company has complied in all material respects with the requirements of Corporate Governance specified in the Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

#### 2. Board of Directors

##### a) Composition and Category of Directors

The Board of Directors have an optimum combination of executive and non-executive directors comprises of Five (5) Directors, out of which Two (2) are Promoter and Executive Directors rest of the Three (3) are Non Executive Independent Directors. All statutory and material information is made available to the Board of Directors to ensure adequate disclosures and transparent decision-making.

##### b) Board Meetings

During the year ended March 31, 2010, the Board met Eight times on April 04, 2009; April 17, 2009; May 20, 2009; June 08, 2009; July 31, 2009; August 22, 2009; October 31, 2009; January 29, 2010;

The composition of Board of Directors, Attendance of Directors at the Board Meeting and the last Annual General Meeting, Directorship & Committee Memberships in other Companies are as follows:

Sl. No	Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 30th Sep., 2009	Directorships / Committee memberships in other Companies
1	Mr. Rajeev Taneja	Promoter/Executive Director	7	Yes	NIL
2	Mr. Sanjay Taneja	Promoter/Executive Director	4	N.A.	NIL
3	Mr. Umesh Kumar	Executive Director	4	N. A.	1
4	Dr. Deepak Malhotra	Non Executive Independent Director	6	Yes	2
5	Dr. A. K. Doshi	Non Executive Independent Director	6	Yes	NIL
6	Mr. R. G. Vasishth	Non Executive Independent Director	5	Yes	NIL

##### (c) Brief Resume of Directors seeking re-appointment.

##### Dr. Deepak Malhotra, Independent Director, Evinix Industries Limited

Dr. Deepak Malhotra, aged 50, is one of the Independent Directors at Evinix Industries Limited. His career spans 22 years, with widespread experience at various senior managerial positions in Sales and Marketing, Production and Collections, Manufacturing Collaborations, JVs and Public Issues.

Dr. Malhotra has served as a Chairman & Managing Director of Microwave Communications Limited (Page link) (A JV Company of HFCL with Shinawatra International, Thailand)

Dr Malhotra also holds a professional membership of Indian Paging Service Association, Confederation of Indian Industries, FICCI, TEMA, Institution of Engineers and NASSCOM.

Dr. Deepak Malhotra is a Ph.D in Systems Engineering from Polytechnic Institute of New York, USA. He also holds a B.Sc. and MS from Regional Engineering College, Kurukshetra.

Dr. Deepak Malhotra does not hold any shares in the company.



### 3. AUDIT COMMITTEE

- (a) Brief description of terms of reference : (a) As specified under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.  
(b) Any matter related with Financial matters and / or Annual Report.  
(c) Review of Internal Audit System.
- (b) Composition, Name of members and Chairperson. : 1. Dr. A.K. Doshi Chairman  
2. Dr. Deepak Malhotra Member  
3. Mr. Sanjay Kumar Jain Member
- (c) Meeting held : 4  
Attendance : All members were present.

### 4. REMUNERATION COMMITTEE

- (a) Brief description of terms of reference : (a) As specified under clause 49 of the Listing Agreement  
(b) To decide the company's policy and specific remuneration package for the Executive Directors,  
(c) To decide any revision/ amendment/ addition/ deletion/ recomposition in the remuneration package of the Whole Time Directors.  
(d) Any matter related with the retirement benefits of the executive and whole time Directors.
- (b) Composition, Name of members and Chairperson. : 1. Dr. Deepak Malhotra Chairman  
2. Dr. A.K. Doshi Member  
3. Mr. Sanjay Kumar Jain Member
- (c) Meetings and attendance during the year : Meeting held: 1  
Attendance : All members were present
- (d) Remuneration policy : As per Company's rule.
- (e) Details of remuneration to all the Directors, during financial year 2009-10 are as per details given below:

Name of the Director	Salary	Sitting Fees	Other	Total
Mr. Rajeev Taneja	Rs. 30,00,000/-	-	-	Rs. 30,00,000/-
Mr. K. M. Gupta	Rs. 24,00,000/-	-	-	Rs. 24,00,000/-
Mr. Sanjay Taneja	Rs. 8,00,000/-	-	-	Rs. 8,00,000/-
Mr. Umesh Kumar	Rs. 8,00,000/-	-	-	Rs. 8,00,000/-
Dr. Deepak Malhotra	-	Rs.30,000/-	Rs.5,000/-	Rs. 35,000/-
Dr. A. K. Doshi	-	Rs.50,000/-	Rs.8,000/-	Rs. 58,000/-
Mr. Sanjay Kumar Jain	-	Rs.22,500/-	Rs.3,000/-	Rs. 25,500/-
Dr. R. G. Vasisht	-	Rs.30,000/-	Rs.5,000/-	Rs. 35,000/-
Mr. Rajeev Kumar Agarwal	-	Rs.35,000/-	Rs.6,000/-	Rs. 41,000/-
<b>TOTAL</b>	<b>Rs. 70,00,000/-</b>	<b>Rs. 167,500/-</b>	<b>Rs. 27,000/-</b>	<b>Rs. 71,94,500/-</b>

#### NOTES:

1. There are no pecuniary relationships or transactions of the non-executive directors vis-à-vis company.

2. The shareholding of directors as on 31<sup>st</sup> March, 2010 was as under:

**Details of Shareholding of Directors:**

S. No.	NAME	NO. OF SHARES HELD	SHAREHOLDING PERCENTAGE
1	Mr. Rajeev Taneja	1,60,20,000	14.98%
2.	Dr. A.K. Doshi	NIL	NIL
3.	Dr. Deepak Malhotra	NIL	NIL
4.	Mr. R. G. Vasisht	NIL	NIL

**5. SHAREHOLDERS/ INVESTOR GRIEVANCE CUM SHARE TRANSFER COMMITTEE**

- (a) Name of the Director heading the Committee : Dr. A.K. Doshi (Chairman)
- (b) Brief description of terms of reference. : (a) As specified under clause 49 of the Listing Agreement.  
(b) The Committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations.  
(c) Redressal of Shareholders and Investors complaints like transfer of shares, non-receipt of Annual Report, Non-receipt of Dividend and allied matters.
- (c) Name and designation of Compliance officer : Mr. Raghuvansh Mani, Company Secretary.
- (d) Composition, name of members and Chairperson : 1. Dr. A.K. Doshi Chairman  
2. Dr. Deepak Malhotra Member  
3. Mr. Rajeev Taneja Member
- (e) Number of shareholders' complaints received till March 31, 2010 : NIL
- (f) Number not solved to the satisfaction of the shareholders. : NIL
- (g) Number of pending share transfers : NIL

**6. GENERAL MEETING**

- (a) Location and time, where last three AGMs held. : Location of Last Three AGMs:  
1. **30/09/2009**  
Gymkhana Club, Suraj Kund Road, Sector 21C, Faridabad, Haryana -121001.  
2. **29/09/2008**  
Aggarwal Sadan, Link Road, Old Faridabad, Faridabad-121003, Haryana.  
3. **27/09/2007**  
Aggarwal Sadan, Link Road, Old Faridabad, Faridabad-121003, Haryana.
- | DATE       | TIME       |
|------------|------------|
| 27/09/2007 | 11.30 A.M. |
| 29/09/2008 | 11.30 A.M. |
| 30/09/2009 | 03.00 P.M. |
- (b) Whether special resolutions were passed in three AGM's. : Yes
- (c) Whether any special Resolution passed last year through postal Ballot : No
- (d) Whether any special resolution is proposed to be conducted through postal ballot. : No