Date: 28th October, 2024

To,
The Board of Directors
Avax Apparels and Ornaments Limited
#611, 6th floor, Jaina Tower-II,
District Centre, Janakpuri,
New Delhi 110 058

CC: **SKI Capital Services Limited**

718, Dr. Joshi Road, Karol Bagh
New Delhi 110 015

Re: Proposed Initial Public Offer of equity shares by *Avax Apparels and Ornaments Limited*

Subject: Legal Due Diligence Report of *Avax Apparels and Ornaments Limited (AVAX)*

Dear Sir(s),

I have carried out Legal Due Diligence of the records and documents of ***Avax Apparels and Ornaments Limited***, a Company incorporated under the provisions of the Companies Act 1956 having its registered office at #611, 6th floor, Jaina Tower-II, District Centre, Janakpuri, New Delhi 110058 ***(hereinafter referred to as 'the Company'/ 'Avax' as the context may require)*** in connection with the proposed Initial Public Offer ('IPO') on the SME Platform of BSE Limited, in terms of ***Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018***, and other applicable legal and regulatory requirements including Acts and Rules and Regulations framed thereunder.

Based on the records and the digital information made available to me by Avax and/or its Directors, Promoters, Key Management Personnel or KMPs contents whereof I *bona-fide* believed to be true, I report as under:

Avax was originally incorporated on 02.06.2005 as *'Ethnic Designers Private Limited'* under the Companies Act, 1956. The company changed its name to '*Avax Soft Technologies Private Limited'* (CIN: U51100DL2005PTC137127) with effect from 11.10.2021 and thereafter converted itself to a Public Limited Company with effect from 18.11.2022 and was allotted the CIN: U51100DL2005PLC137127. Later, the company further changed its name to Avax Apparels and

Ornaments Limited with effect from 15.06.2023. Its Registration Number is 137127. Accordingly, the company is now known as ***Avax Apparels and Ornaments Limited***.

Between 2005 and 2021, when the company was operating as/ under the name and style of Ethnic Designers Private Limited, its primary business was *'designing and fashion'* and other related activities. In the year **2021**, the management of the company was taken over by the present promoters and the name of the company was changed to Avax Soft Technologies Private Limited and thereafter Avax Apparels and Ornaments Limited. Under the present management, Avax is carrying on its business in two significant segments namely *knitted clothes* and *e-commerce*.

In the knitted clothes segment, AVAX has so far confined itself to the state of Punjab where it supplies readymade and knitted clothes at the wholesale rate. The e-commerce business of the company is carried on through its website www.avaxapparels.com where a wide range of silver ornaments and products are available.

The present management who has substantially boosted the financial health of the company, aspire to expand the e-commerce business besides venturing further into manufacturing of readymade garments, real estate and information technology.

The present management has represented that they have absolutely no connection whatsoever with the erstwhile management of the company.

FORMATION OF THE BOARD OF DIRECTORS:

Following is the formation of the Board of Directors of Avax Apparels and Ornaments Limited:

S.N.	Name of Directors	DIN	Category	Designation	Date of Joining/ w.e.f.
1	Harinderpal Singh Sodhi	9283531	Executive	Managing Director	16.08.2021#
2	Harish Kumar	9283654	Executive	Director	21.09.2021
3	Deepika	8730368	Executive	Director	20.09.2022
4	Amitabh Agarwal	0124966	Non-Executive	Independent Director	23.12.2022
5	Gurvinder Singh Vohra	9783549	Non-Executive	Independent Director	09.11.2022
6	Pradeep Srivastava	08706824	Non-Executive	Independent Director	23.12.2022

7	Rajesh Singla			CFO	07.11.2022

(Redesignated as Managing Director on 07.11.2022 and further on 06th October 2023)

BRANCH OFFICES AND FACTORIES:

S. No.	Description	State	Owned by	Location	Status	Validity
1	Registered Office	Delhi	Vinod Malhotra and Dipti Malhotra	#611, 6th floor, Jaina Tower-II, District Centre, Janakpuri, New Delhi 110058	Lease Deed dated 05.09.2022 between Avax Apparels and Ornaments Ltd. and the owners of the office space.	04.08.2025
2	Branch Office	Punjab	S. Kirpal Singh	Bura Gujar Road, Muktsar 152026, Punjab	Rent Agreement dated 20.10.2023 between Avax Apparels and Ornaments Ltd. and the owner of the premises	19.09.2024
3	Factory cumWarehouse	Punjab	Surinder Kaur	2209 G/1, St. No.1,Bhola Colony, Ludhiana 141010, Punjab	Rent Agreement dated 30.09.2023 between Avax	30.11.2024

					Apparels and Ornaments Ltd. and the owner of the premises	

PROMOTER AND PROMOTER GROUP:

Avax has two individual promoters namely, (1) ***Harinderpal Singh Sodhi*** and (2) ***Harish Kumar***. The 'Promoter Group' of the company is according as under:

1) **Harinderpal Singh, Promoter and his Group:**

S. No.	**Name of Promoter/Promoter Group**	**Classification**	**Relationship with Promoter**
Promoter (Individual)			
1	Harinderpal Singh Sodhi	Promoter	Promoter
Individuals forming parts of the Promoter Group under Regulation 2(1)(pp)(ii) of ICDR, 2018			
1	S. Kirpal Singh	Promoter Group	Father
2	Parveen Kaur	Promoter Group	Mother
3	Harwinder Kaur	Promoter Group	Spouse
4	Davinderpal Singh	Promoter Group	Brother
5	Amanat Kaur	Promoter Group	Sister
6	Keerat Kaur	Promoter Group	Daughter
7	Late S. Sharanjit Singh	Promoter Group	Father of Spouse
8	Davinder Kaur	Promoter Group	Mother of Spouse
9	Harcharan Singh Bawa	Promoter Group	Brother of Spouse
10	Manjinder Kaur	Promoter Group	Sister of Spouse
11	Jaswinder Kaur	Promoter Group	Sister of Spouse
Bodies Corporate forming parts of the Promoter Group *			
1	Avax Industries Private Limited		

2) **Harish Kumar, Promoter and his Group:**

S. No.	**Name of Promoter/Promoter Group**	**Classification**	**Relationship with Promoter**
Promoter (Individual)			
1	Harish Kumar	Promoter	Promoter

Individuals forming parts of the Promoter Group under Regulation 2(1)(pp)(ii) of ICDR, 2018			
1	Radhey Shyam	Promoter Group	Father
2	Sudesh Rani	Promoter Group	Mother
3	Deepak Kumar	Promoter Group	Brother
4	Ritu Garg	Promoter Group	Sister
5	Jyoti Singla	Promoter Group	Sister
6	Puja Garg	Promoter Group	Sister
Bodies Corporate forming parts of the Promoter Group *			
12	Not Applicable		

* The Promoter holds 20% or more shares in the bodies corporate forming parts of the Promoter Group.

- Classification of *promoter and promoter group* in terms of 2(1)(oo) and 2(1)(pp) of SEBI (ICDR) Regulations, 2018.

GROUP COMPANIES

Avax Apparels and Ornaments Limited has **NO** *'Group Company'* within the meaning of Regulation 2(1)(t) of the SEBI(ICDR) Regulations 2018 and Accounting Standard [INS24]

APPLICABLE LAWS AND RESPECTIVE PREAMBLES

As per my understanding and analysis, the following laws are applicable to Avax in usual course of its operations (Preambles of the respective Acts are as follow):

There may be multiple Rules, Regulations, Schemes, Byelaws under the applicable Acts as well as other subordinate pieces of legislation which may also apply to the company.

Since, the company is engaged in a business a larger part of which is not labour intensive and a large number of its business is digital/ online, it has ***a very small workforce of 7 employees***. Consequently, significant labour laws including Minimum Wages Act, 1948, Payment of Wages Act, 1936, Payment of Gratuity Act, 1972, Equal Remuneration Act, 1976, Payment of Bonus Act, 1965, Contract Labour (Regulation and Abolition) Act, 1970 (list not exhaustive) do not apply to the company for not exceeding the *'threshold'*.

However, with future expansion of its business, relevant labour laws may begin to govern the company.

INDUSTRIAL LAWS

1. **The Micro, Small and Medium Enterprises Development Act, 2006:** An Act to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto;

CORPORATE AND COMMERCIAL LAWS

2. **Bureau of Indian Standards Act, 2016:** An Act to provide for the establishment of a national standards body for the harmonious development of the activities of standardisation, conformity assessment and quality assurance of goods, articles, processes, systems and services and for matters connected therewith or incidental thereto.
3. **The Information Technology Act, 2000:** An Act to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Banker's Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto.
4. **Personal Data Protection Bill, 2019:** The PDP Bill proposes a legal framework governing the processing of personal data, where such data has been collected, disclosed, shared or otherwise processed within India, as well as any processing of personal data by the Indian Government, Indian companies, Indian citizens or any person or body of persons incorporated or created under Indian law.
5. **The Companies Act, 2013:** An Act to consolidate and amend the law relating to companies. Portions of the Companies Act, 1956 (now repealed) may also apply.
6. **Foreign Exchange Management Act, 1999:** An Act to consolidate and amend the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.
7. **The Competition Act, 2002:** An Act to provide, keeping in view of the economic development of the country, for the establishment of a Commission to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade carried on by other participants in markets, in India, and for matters connected therewith or incidental thereto.
8. **The Indian Contract Act, 1872:** The general law of contract is based on the conception, which the parties have, by an agreement, created legal rights and obligations, which are purely personal in their nature and are only enforceable by action against the party in default.
9. **The Indian Stamp Act, 1899**: An Act to Consolidate and amend the law relating to Stamps.
10. **The Customs Act, 1962:** An Act to consolidate and amend the law relating to Customs.
11. **Foreign Trade (Development and Regulation) Act, 1992:** An Act to provide for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto.

12. **The Prevention of Money Laundering Act, 2002:** An Act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money-laundering and for matters connected therewith or incidental thereto.
13. **The Companies (Donations to National Fund) Act, 1951:** An Act to enable companies to make donations to National funds.
14. **Insolvency And Bankruptcy Code, 2016:** An Act to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto.
15. **Commercial Courts Act, 2015:** An Act to provide for the constitution of Commercial Courts, Commercial Appellate Courts, Commercial Division and Commercial Appellate Division in the High Courts for adjudicating commercial disputes of specified value and matters connected therewith or incidental thereto.
16. **Negotiable Instruments Act, 1881:** An Act to define and amend the law relating to Promissory Notes, Bills of Exchange, and Cheques.
17. **The Chartered Accountants Act, 1949:** An Act to make provision for the regulation and development of the profession of chartered accountants.
18. **The Cost Accountants Act, 1959:** An Act to make provision for the regulation and development of the profession of cost accountants.
19. **The Company Secretaries Act, 1980:** An Act to make provision for the regulation and development of the profession of Company Secretaries.
20. **Legal Metrology Act, 2009:** An Act to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure, or number and for matters connected therewith or incidental thereto.
21. **The Indian Registration Act, 1908:** Indian Registration Act is an act to consolidate the enactments relating to the registration of documents. Registration means recording of the contents of the document.

LABOUR AND EMPLOYMENT LAWS

22. **Payment of Wages Act, 1936:** An Act to regulate the payment of wages of certain classes to employed persons.
23. **Equal Remuneration Act, 1976:** An Act to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto.

24. **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** An Act to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.
25. **Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979:** An Act to regulate the employment of inter-State migrant workmen and to provide for their conditions of service and for matters connected therewith.
26. **The Apprentices Act, 1961:** An Act to provide for the regulation and control of training of apprentices and for matters connected therewith.
27. **Public Liability Insurance Act, 1991:** An Act to provide for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto.

INTELLECTUALPROPERTY LAWS

28. **Trademarks Act, 1999:** An Act to amend and consolidate the law relating to trade marks, to provide for registration and better protection of trade marks for goods and services and for the prevention of the use of fraudulent marks.
29. **Copyrights Act, 1957:** An Act to amend and consolidate the law relating to copyright.
30. **Patents Act, 1970:** An Act to amend and consolidate the law relating to patents.
31. **Design Act, 2000:** An Act to consolidate and amend the law relating to protection of designs.

PROPERTY RELATED LAWS

32. **Transfer Of Property Act, 1882:** An Act to amend the law relating to the Transfer of Property by act of Parties.

ENVIRONMENT LAWS

41. **Environment Protection Act, 1986:** An Act to provide for the protection and improvement of environment and for matters connected therewith.
42. **Air (Prevention of Pollution Control Act) 1981:** An Act to provide for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes, of Boards, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.
43. **The Water (Prevention and Control of Pollution) Act, 1974:** An Act to provide for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of Boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.

44. **Public Liability Insurance Act, 1991:** An act to provide for public liability insurance for the purpose of providing immediate relief to the persons affected by the accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto.

TAX LAWS

45. **Income-Tax Act, 1961:** An Act to consolidate and amend the law relating to income-tax and super-tax.
46. **Finance Act, 2022:** An Act to give effect to the financial proposals of the Central Government for the financial year 2022-2023.
47. **Goods and Services Tax Laws of2017:** An Act to provide for compensation to the States for the loss of revenue arising on account of implementation of the goods and services taxes in pursuance of the provisions of the Constitution (One Hundred and First Amendment) Act, 2016.

The GST Mechanism consists of:

(1) Central GST Act, 2017,
(2) State and Union Territory GST Acts, 2017 and
(3) Integrated GST Act`12017.

OTHER ACTS

48. **Consumer Protection Act, 2019:** An Act to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes and for matters connected therewith or incidental thereto.
49. **Insurance Act, 1938:** An Act to consolidate and amend the law relating to the business of insurance.
50. **The Indian Trust Act, 1882:** An Act to define and amend the law relating to Private Trusts and Trustees.

The above-mentioned legislations are applicable to the company out of which the key Acts and Regulations which govern the company are law relating to company and commercial laws, labour and their employment laws and tax laws. Main laws are Companies Act 2013, Foreign Trade Development and Regulation act, Foreign Exchange Management Act, Stamp Act, Registration Act, The Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act), The Information Technology ("IT") Act, 2000, The Customs Act 1962, Environment Protection Act, 1986 which impact greatly the company's operation and business. The above list however may not be exhaustive.

REGISTRATION (INCORPORATION) OBTAINED UNDER THE COMPANIES ACT, 1956 AND COMPANIES ACT, 2013

Avax has received the necessary consents, licenses, permissions and approvals from the Central and State Governments and various Governmental Agencies/ Regulatory Authorities'/ Certification Bodies required for its present business or to continue and expand its business activities.

It must, however, be distinctly understood that in granting the above approvals, licenses etc. the Government of India and other certifying or licensing authorities do not take any responsibility for the financial soundness of the entity (Avax in the present case) or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.

The company i.e. Avax is carrying on its existing business/ commercial activities in terms of its object clauses as contained in its Memorandum and Articles of Association.

S. No.	Nature of Registration & License	Regn. No. / License No.	Law	Issued by	Issued on	Expiry Date
1	Original Certificate of Incorporation	U51311DL2005PTC137127	Companies Act, 1956	Registrar of Companies, NCT of Delhi & Haryana	02.06.2005	Till cancelled
2	Fresh Certificate of Incorporation upon change of name of the company	U51100DL2005PTC137127	Companies Act, 2013	Registrar of Companies, Delhi	11.10.2021	Till cancelled
3	Fresh Certificate of Incorporation upon conversion	U51100DL2005PLC137127	Companies Act, 2013	Registrar of Companies, Delhi	18.11.2022	Till cancelled

	to public company					
4	Fresh Certificate of Incorporation upon change of name of the company	U14101DL2005PLC137127	Companies Act, 2013	Registrar of Companies, Delhi	15.06.2023	Till cancelled

REGISTRATION UNDER TAX STATUTES:

S. No.	Nature of Registration / License	Registration/ License No.	Issuing Authority	Date of issue / Modify	Date of Expiry
1	Permanent Account Number (PAN)	AABCE4977E	Income Tax Department, Government of India	09.07.2023	Till cancelled
2	TAN (Tax Deduction Account Number)	DELA68803A	Income Tax Department, Government of India	07.09.2022 /25.11.2023	Till cancelled
3	Goods & Services Tax (GST) Registration Number	03AABCE4977E1ZT	Goods & Services Tax Department, Government of India	30.12.2021/10.07.2023	Till cancelled

LICENSES/ APPROVALS/CERTIFICATES UNDER INDUSTRIAL AND LABOUR LAWS:

Sl. No.	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of issue/ Modify	Date of Expiry
1	Udyam Registration Certificate	UDYAM-DL-03-0019458 Micro | Services	Ministry of Micro, Small and Medium Enterprises, Government of India	17.07.2023	Till cancelled
2	Importer-Exporter Code (IEC)	AABCE4977E	Director General of Foreign Trade (DGFT), Ministry of Commerce & Industries, Government of India	23.09.2022/ 17.07.2023	Till cancelled
3	Shops & Establishment Registration	Application Number: 230155254	Department of Labour, Govt. of Punjab	31.07.2023	-
4	Certificate of Registration for selling Articles with Hallmark **IS 2112:2014** (Silver)	HM/C9790057709	Bureau of Indian Standards, Chandigarh, Branch Office-1	02.07.2021	01.07.2026

The Certificate of Registration for selling Articles with Hallmark mentioned in this Report has been issued to M/s Modern Jewelers (Proprietor Sarabjit Singh) which executes the orders received by Avax through its e-commerce website. M/s Modern Jewelers indemnifies Avax vide an (indemnity) Agreement absolutely and unconditionally for all issues arising out of or connected with quality and standardization of articles forming part(s) of the orders executed by it on behalf of Avax.

INSURANCE POLICIES PURCHASED BY AVAX:

S. No.	Name of policy & Coverage	Policy No.	Coverage starts	Coverage ends	Sum insured
1	ICICI Lombard Burglary Insurance Policy (All Kinds Of Garments Cloth Knitted Hosiery And Goods Related To Insured Trade)	4002/304294384/00/000	28.08.2024	27.08.2025	₹50,00,000/-
2	ICICI Jeweler's Package Policy Sookshma	4093/S/304293885/00/000	29.08.2024	28.08.2025	₹30,00,000/-
3	Icici Lombard Msme Suraksha Kavach (Complete Fire Insurance of (Plant & Machinery & Stocks))	1021/326642915/00/000	28.08.2024	27.08.2025	₹100,00,000

INTELLECTUAL PROPERTY

Avax has applied for 3 Trade Marks particulars whereof are as under:

S. NO.	NATURE OF IP	TRADE MARK	CLASS	DATE OF APPLICATION	APPLICATION NO.	STATUS
1	Trade Mark	Blueshine, a Luxury Life	25	22.09.2022	5619900	Opposed
2	Trade Mark	Blueshine, a Luxury Life	14	22.09.2022	5619874	Objected
3	Trade Mark	Avax	24	16.07.2022	5533083	Registered

There are 6 domains registered in the name of Avax, particulars whereof are as under:

1	Domain	avaxtech.com	-	Registered
2	Domain	avaxtech.in	-	Registered
3	Domain	avaxtechnologies.com	-	Registered
4	Domain	blushines.com	-	Registered
5	Domain	blushine.co.in	-	Registered
6	Domain	blushine.in	-	Registered
7	Domain	avaxapparels.com	-	Registered

LITIGATIONS AND MATERIAL LITIGATIONS

Except as stated in this report, there are no:

(i) Criminal Proceedings; (ii) Actions by Statutory or regulatory authorities; (iii) Claims relating to direct and indirect taxes; or (iv) Material Litigation (as defined below) involving the company, its Subsidiary, Directors or Promoters; (v) Outstanding dues to MSMEs and other creditors (vi) Material Dues (as defined below) to creditors;

In relation to (iv) above, our Board, at its meeting held on 23.12.2022 has determined **Material Litigation** as:

a. The aggregate amount involved in an individual litigation exceeds 10% of the consolidated profit after tax (PAT) of the Company, as per the last audited financial statements; or where the decision in one litigation is likely to affect the decision in similar litigations, even though the

amount involved in such single litigation individually may not exceed the abovementioned thresholds, if similar litigations put together collectively exceed 10% of the consolidated profit after tax of the Company such litigation wherein the monetary liability is not quantifiable but which is expected to be material from the perspective of the Company's business, operations, prospects or reputation.

b. There are no outstanding litigation involving AVAX's Group Companies, the outcome of which would have a material impact on the Company except as stated in this report

Note: *Group Companies are identified as per Regulation 2(t) of the SEBI(ICDR) Regulations 2018 and Accounting Standard [INS24]*

c. In relation to (vi) above, our Board, at its meeting held on December 23, 2022 has determined **'Material Dues'** as:

Outstanding dues to creditors in excess of 10% of the outstanding trade payables as per the last audited financial statements.

Based on this policy, the Company had outstanding dues to creditors as follows:

Nature of Creditors	**Amount (Rs. In Lakh)**
Micro, Small and Medium Enterprises	NIL
Others	512.83
Dues to Related Parties	NIL

Further, on 31.09.2024 the Company has no outstanding amount to any micro-enterprises and small enterprises and medium enterprises based on the available information and records.

Details of Material Dues to creditors as required under the SEBI (ICDR) Regulations have been disclosed on the company's website at www.avaxapparels.com

It is further clarified that for the purposes of the above, pre-litigation notices received by the Company, Subsidiaries, Directors or Promoter shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company or any of its Subsidiaries, Directors or Promoters, as the case may be, is impleaded as a defendant in litigation before any judicial forum.

Except as disclosed herein, the Company, its Directors and Promoters are not *Willful Defaulters* and there have been no violations of securities laws in the past or pending against them.

There are no litigations including criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offenses, tax liabilities, show cause notice or any legal notice pending against the Company, Directors, Promoter and Promoter Group and, Group Companies or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company. There are no proceedings initiated for economic, civil, or any other offences including past cases where penalties may or may not have been awarded and whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013 other than unclaimed liabilities of the Company, and no disciplinary action has been taken by Securities and Exchange Board of India ('SEBI') or any stock exchange against the Company, Directors, Promoter Group Companies.

There are No:

(a) Litigations or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against the Promoter of the Company during the last five year;
(b) Directions issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;
(c) Pending proceedings initiated against the Company for economic offences;
(d) Default and non-payment of statutory dues by the Company
(e) Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous Act in the last five years against the Company and Subsidiaries including fines imposed or compounding of offenses done in those five years;
(f) Material frauds committed against the Company in the last five years;
(g) Cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
(h) Pending litigation against the Promoter/ Directors in their capacities and also involving the violation of statutory regulations or criminal offenses.
(i) Pending proceedings initiated for economic offenses against the Directors, Promoter, Companies, and firms promoted by the Promoter.
(j) Outstanding litigation, defaults, etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.

Accordingly, I have disclosed all information about outstanding litigations involving the Company, Promoter, Directors, and Group Entities/Companies irrespective of whether they are considered to be material or not or materiality thereof could not be ascertained.

In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered material only in the event that the outcome of

such litigation has an adverse effect on the operations or performance of the Company or when materiality thereof could not be ascertained due to lack of information with or confirmation from the Company.

Unless otherwise stated to the contrary, the information provided is as of the date of this Report.

SUMMARY OF OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Name Of Entity	Criminal Proceedings	Tax Proceedings	Statutory/ Regulatory Proceedings	Disciplinary Action By Sebi/ Stock Exchange	Material Civil Litigations	Aggregate Amount Involvement (Rs. In Lakhs)
Company						
By the company	NIL	NIL	NIL	NIL	NIL	NIL
Against the company	NIL	NIL	NIL	NIL	NIL	NIL
Directors						
By the directors	NIL	NIL	NIL	NIL	NIL	NIL
Against the directors	NIL	NIL	NIL	NIL	NIL	NIL
Promoters						
By the promoters	NIL	NIL	NIL	NIL	NIL	NIL
Against the promoters	NIL	NIL	NIL	NIL	NIL	NIL
Subsidiaries						
By the subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL
Against the subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL

I.LITIGATIONS INVOLVING THE COMPANY: NIL

1. Litigation Involving Criminal Laws

Nil

2. Litigation Involving Actions By Statutory/ Regulatory Authorities

Nil

3. Disciplinary Actions By Authorities

Nil

4. Litigation Involving Tax Liability

Nil

5. Other Pending Litigation Based On Materiality Policy Of Our Company

Nil

II.LITIGATIONS INVOLVING THE PROMOTER OF THE COMPANY: NIL

1. Litigation Involving Criminal Laws

Nil

2. Litigation Involving Actions By Statutory/ Regulatory Authorities

Nil

3. Disciplinary Actions By Authorities

Nil

4. Litigation Involving Tax Liability

Nil

5. Other Pending Litigation Based On Materiality Policy Of Our Company

Nil

III.LITIGATIONS INVOLVING THE DIRECTORS OF THE COMPANY OTHER THAN PROMOTER OF THE COMPANY: NIL

1. Litigation Involving Criminal Laws

Nil

2. Litigation Involving Actions By Statutory/ Regulatory Authorities

Nil

3. Disciplinary Actions By Authorities

Nil

4. Litigation Involving Tax Liability

Nil

5. Other Pending Litigation Based On Materiality Policy Of Our Company

Nil

IV.LITIGATIONS INVOLVING GROUP ENTITIES: NIL

1. Litigation Involving Criminal Laws

Nil

2. Litigation Involving Actions By Statutory/ Regulatory Authorities

Nil

3. Disciplinary Actions By Authorities

Nil

4. Litigation Involving Tax Liability

Nil

5. Other Pending Litigation Based On Materiality Policy Of Our Company

Nil

Our Company has no group entity as on the date of filing of this Draft Prospectus

V.LITIGATIONS RELATING TO THE DIRECTORS OF GROUP ENTITIES: NIL

1. Litigation Involving Criminal Laws

Nil

2. Litigation Involving Actions By Statutory/ Regulatory Authorities

Nil

3. Disciplinary Actions By Authorities

Nil

4. Litigation Involving Tax Liability

Nil

5. Other Pending Litigation Based On Materiality Policy Of Our Company

Nil

Our Company has no group entity as on the date of filing of this Draft Prospectus

VI.LITIGATIONS RELATING TO THE SUBSIDIARY COMPANY AND HOLDING COMPANY: NIL

1. Litigation Involving Criminal Laws

Nil

2. Litigation Involving Actions By Statutory/ Regulatory Authorities

Nil

3. Disciplinary Actions By Authorities

Nil

4. Litigation Involving Tax Liability

Nil

5. Other Pending Litigation Based On Materiality Policy Of Our Company

Nil

Our Company has no Holding or Subsidiary Company as on the date of filing of this Draft Prospectus

VII.LITIGATIONS RELATING TO THE DIRECTORS OF SUBSIDIARY COMPANY: NIL

1. Litigation Involving Criminal Laws

Nil

2. Litigation Involving Actions By Statutory/ Regulatory Authorities

Nil

3. Disciplinary Actions By Authorities

Nil

4. Litigation Involving Tax Liability

Nil

5. Other Pending Litigation Based On Materiality Policy Of Our Company

Nil

Our Company has no Holding or Subsidiary Company as on the date of filing of this Draft Prospectus

VIII.DETAILS OF THE PAST PENALTIES IMPOSED ON THE COMPANY / DIRECTORS: NIL

OTHER LITIGATIONS INVOLVING ANY OTHER ENTITIES WHICH MAY HAVE A MATERIAL ADVERSE EFFECT ON THE COMPANY

There is no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offenses, tax liabilities, prosecution under any enactment in respect of the Companies Act, Show Cause Notices or Legal Notices pending against

any company whose outcome could affect the operation or finances of the Company or have a material adverse effect on the position of the Company.

DETAILS OF THE PAST PENALTIES IMPOSED ON THE COMPANY / DIRECTORS: NOT APPLICABLE

Change in Accounting Policies in the last three (3) years

There has been no change in accounting policies in the last three (3) years.

The Net worth of the company on 31.03.2024 – Rs. 314.68 Lakhs

I further confirm that except as stated hereinabove:

(a) Avax/the Company, its Promoter, and other Companies with which Promoter are associated have neither been suspended by SEBI nor has any disciplinary action been taken against them or either of them by SEBI.

(b) There is no material regulatory or disciplinary action by a Stock Exchange or Regulatory Authority in the past years in respect of the Promoter of the Company, group company's entities, entities promoted by the Promoter of the Company.

a. Further, none of the Directors of the Company has been charge-sheeted with serious crimes like murder, rape, forgery, economic offenses, etc.

b. There are no defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, Promoter, group entities, companies promoted by the Promoter during the past three years except as under:

c. There are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.

d. There is no pending litigation against the Promoter/ Directors in their capacities and also involving the violation of statutory regulations or criminal offenses.

e. There are no pending proceedings initiated for economic offenses against the Directors, Promoter, Companies, and firms promoted by the Promoter.

f. There is no outstanding litigation, defaults, etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.

g. There are no litigations against the Promoter / Directors in their capacity.

h. There are no criminal cases filed or any investigation being undertaken concerning the alleged commission of any offense by any of the Directors. Further, none of the Directors has been charge-sheeted with serious crimes like murder, rape, forgery, economic offenses, etc.

I carried out my legal due diligence by investigating and studying the data and information provided by the company and their agent authorized by the company and the digital data available in the public domain like all the litigation information available on the websites of Supreme Court of India, jurisdictional High Courts including at Delhi and at Chandigarh, e-Court Services, etc. and further declarations by the concerned persons and the entities.

To the best I could reasonably ascertain there is no contingent legal liability exists which adversely affects the business of the company or the operation of the company.

I confirm that, the Lead Manager to the IPO can rely on this Legal Due Diligence Report of Avax Apparels and Ornaments Limited for the disclosure purposes in the Offer Documents.

In case of any changes in the contents of this Report which may come to my attention or as informed to me by the Company, the same shall be intimated to the Lead Manager on priority.

Thanking you,

For M/s Vakalat-India, Advocates



Kausik Chatterjee, Advocate

Enrolment No. F/1564/1093/2011 (WB)

DHCBA Membership No. 25521/2022

Date: 28.10.2024

Place: New Delhi

ANNEXURE: A

The details of the cases filed by or against the Company

i. Criminal Proceedings

There are no criminal proceedings initiated/filed against the Company and there are no criminal proceedings initiated/filed by the Company.

ii. Actions by statutory/regulatory authorities

There are no actions initiated by any statutory/regulatory authorities against the Company and there are no actions initiated before any statutory/regulatory authorities by the Company.

iii. Tax Proceedings: Nil

iv. Other Litigations filed by or against the Company: Nil

ANNEXURE: B

The details of the cases filed by or the cases filed against the Promoter of the Company

A. Against the Promoter of the Company - Nil

B. By the Promoter of the Company - Nil

ANNEXURE: C

The details of the cases filed by or the cases filed against the Directors (other than the Promoter) of the Company

A. Against the Directors (other than the Promoter) of the Company - Nil

B. By the Directors (other than the Promoter) of the Company – Nil

C. Tax proceedings involving the Directors (other than the Promoter) - NIL

ANNEXURE: D

The details of the cases filed by or the cases filed against the Group Entities/Companies of the Company

A. Against the Group Entities/ Companies of the Company - Nil

B. By the Group Entities/ Companies of the Company – Nil

C. Tax proceedings involving the Group Entities/ Companies of the Company - NIL

ANNEXURE: E

The details of the cases filed by or the cases filed against the Directors of the Group Entities/ Companies

A. Against the Directors of Group Entities/ Companies of the Company - Nil

B. By the Directors of Group Entities/ Companies of the Company – Nil

C. Tax proceedings involving the Directors of Group Entities/ Companies of the Company - NIL

ANNEXURE: F

The details of the cases filed by or the cases filed against the Subsidiary Company of the Company

A. Against the Subsidiary Company of the Company - Nil

B. By the Subsidiary Company of the Company – Nil

C. Tax proceedings involving Subsidiary Company of the Company - Nil

The Company has no subsidiary company as of the date of this Legal Due Diligence Report.