

CRAVATEX LIMITED

annual  
report 2014-2015







## BOARD OF DIRECTORS AND GENERAL INFORMATION

### Board of Directors

Rajesh Batra : *Chairman & Managing Director*  
 N. R. Mahalingam  
 Arjun Bulchandani  
 H. K. Vakharia  
 S. D. Israni  
 Nabankur Gupta  
 Rajiv Batra  
 N. Santhanam  
 Pheroza Jimmy Bilimoria

### Bankers

Axis Bank Limited  
 HDFC Bank Limited

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### Chief Financial Officer

Divakar G. Kamath

### Company Secretary

Sudhanshu Namdeo

### Auditors

Messrs S. P. Chopra & Co.  
*Chartered Accountants*  
 15/A, Horniman Circle,  
 Bharat Insurance Building,  
 Mumbai - 400 001.

### Registered Office

Sahas, 4th Floor,  
 414/2, Veer Savarkar Marg,  
 Prabhadevi, Mumbai - 400 025.

### Registrars & Share Transfer Agents

M/s. Sharepro Services (India) Pvt. Ltd.

#### *Registered Office:*

13 AB, Samhita Warehousing Complex,  
 2nd Floor, Sakinaka Telephone Exchange Lane,  
 Off Andheri Kurla Road, Sakinaka,  
 Andheri (East), Mumbai - 400 072.

#### *Investor Relation Centre:*

912, Raheja Centre,  
 Free Press Journal Road, Nariman Point,  
 Mumbai - 400 021.

- Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
- Shareholders are requested to bring their copy of the Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued.
- Please address all correspondence regarding share transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Paid-up Capital	258.42	258.42	258.42	258.42	129.21	129.21	129.21	129.21	129.21	129.21
Reserves and Surplus	3910.68	3783.69	3477.62	2827.19	2235.93	1665.70	1364.81	1210.16	1138.38	1054.38
Net Worth	4169.10	4042.10	3736.04	3085.60	2365.14	1794.91	1494.02	1339.37	1267.59	1183.59
Fixed Assets	4624.97	4208.86	4137.46	2245.45	2138.88	2053.74	2120.93	2149.61	2221.18	2194.99
Depreciation	1783.25	1378.43	1112.54	992.70	902.79	818.16	904.11	858.53	871.62	767.85
Net Block	2840.72	2830.43	3024.92	1252.75	1236.09	1235.58	1216.81	1291.08	1349.56	1427.13
Turnover	18573.20	18514.53	16736.94	15657.98	9124.36	5844.95	4423.85	5061.56	4762.98	4268.78
Earning before Taxes	303.79	570.21	1055.49	1199.08	926.51	702.61	266.45	216.22	159.95	110.50
Dividend	51.68 (20%)	90.45 (35%)	90.45 (35%)	90.45 (35%)	64.60 (50%)	58.14 (45%)	45.22 (35%)	45.22 (35%)	45.22 (35%)	38.76 (30%)
Earning Per Share	8.82	15.94	29.26	31.95	49.94	28.55	14.30	9.65	10.30	3.12

**NOTICE OF ANNUAL GENERAL MEETING****NOTICE**

NOTICE is hereby given that the Sixty Third Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, August 14, 2015 at 11.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025, to transact the following business:

**ORDINARY BUSINESS**

1. To consider and adopt the (a) audited Financial Statements of the Company for the year ended March 31, 2015 including audited Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss for the year ended on that date together with Reports of the Directors and Auditors thereon; and (b) audited Consolidated Financial Statements of the Company for the year ended March 31, 2015 together with Reports of the Auditors thereon.
2. To declare a dividend on the Equity Shares for the year ended March 31, 2015.
3. To appoint a Director in place of Mr. Rajesh Batra (DIN 00020764) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to give your assent or dissent to the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. S. P. Chopra & Co., Chartered Accountants (Registration No.101911W), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of 63<sup>rd</sup> Annual General Meeting till the conclusion of the 64<sup>th</sup> Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS**

5. To consider and if thought fit, to give your assent or dissent to the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Pheroza Jimmy Bilimoria (DIN 00191386), Additional Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the date of this Annual General Meeting upto August 13, 2020 or upto the date of Annual General Meeting to be held in the calendar year 2020, whichever is earlier."
6. To consider and if thought fit, to give your assent or dissent to the following resolution as a Special Resolution:  
 "RESOLVED THAT in partial modification to the resolution passed by the members in the annual general meeting held on July 8, 2011 and pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby approves the payment of remuneration upto Rs. 42 lacs to Mr. Rajesh Batra (DIN 00020764) as the Managing Director of the Company for the financial year 2015-16 which shall be inclusive of the usual allowances, benefits, amenities, perquisites and facilities as per the rules of the Company for the time being in force, but excluding contribution to provident fund & superannuation fund, gratuity and leave encashment.  
 "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this resolution as may be deemed to be in the best interests of the Company."

By Order of the Board of Directors

**Sudhanshu Namdeo**  
*Company Secretary*

Place : Mumbai

Dated : May 29, 2015

CIN : L93010MH1951PLC008546

**Registered Office:**

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,  
 Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210

E-mail: investors@cravatex.com

Website: www.cravatex.com

## NOTICE OF ANNUAL GENERAL MEETING

### NOTES

1. A member entitled to attend and vote at the meeting shall be entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The instrument appointing a proxy should be deposited at the registered office of the Company duly completed and signed, not less than forty-eight hours before the commencement of the meeting.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business proposed to be transacted at the meeting is annexed hereto.
3. A statement giving the details of the Director seeking re-appointment/appointment under Item No.3 and 5 of the accompanying Notice, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed herewith.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 8, 2015 to Friday, August 14, 2015 (both days inclusive) for the purpose of payment of dividend, if approved by members.
5. Members holding shares in demat form are requested to notify immediately any change in their registered address or bank mandate to their Depository Participant (DP) quoting their Client IDs. Members holding shares in physical form are requested to notify immediately any change in their registered address or bank mandate to the Registrars and Share Transfer Agents of the Company quoting their Folio Number.
6. Unclaimed dividends for the financial year ended March 31, 2008 shall be transferred to the Investor Education and Protection Fund of the Central Government in terms of the provisions of Section 205(C) of the Companies Act, 1956 (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified). Those members who have so far not encashed the dividend(s) from the year ended March 31, 2008, till the year ended March 31, 2014 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

In terms of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the information in respect of the unclaimed dividends as on the date of the 62<sup>nd</sup> Annual General Meeting (AGM) held on August 13, 2014, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and also under the "Investors Section" on the website of the Company viz. [www.cravatex.com](http://www.cravatex.com).

7. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of nomination facility in their own interest. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
8. In respect of shares held in physical form, the bank account particulars viz. name and address of the branch of the bank, MICR code of the branch, account number with blank cancelled cheque should be sent to the Registrar & Share Transfer Agents of the Company for making payment of dividend through approved electronic mode.

Members holding shares in demat form are requested to provide the particulars of their bank account to their Depository Participant. The Registrar & Share Transfer Agents of the Company will not act on any such request received from the members for change in their bank account particulars. Further, instruction given by members for shares held in physical form would not be applicable to the dividend paid on shares held in demat form.

9. The Securities and Exchange Board of India (SEBI) has made it mandatory to furnish Permanent Account Number (PAN) by participants in securities market. Members are requested to submit the PAN to their Depository Participant (DP)/Registrar & Share Transfer Agents respectively.
10. Electronic copy of the annual report is being sent to the members whose email address are registered with the company/depository participants for communication purposes unless any member has requested for a physical copy of the same. Members who have not registered their email address so far are requested to register their e-mail address with the Registrar & Share Transfer Agents of the Company for receiving all communications from the Company electronically.
11. Voting through electronic means
  1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).



## NOTICE OF ANNUAL GENERAL MEETING

- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Tuesday, August 11, 2015 (9:00 am) and ends on Thursday, August 13, 2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, August 7, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participant(s)] :
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder – Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "CRAVATEX LIMITED".
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [jayshreedagli@gmail.com](mailto:jayshreedagli@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
    - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
 

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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    - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of August 7, 2015.

## NOTICE OF ANNUAL GENERAL MEETING

- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. August 7, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [kumaresan@shareproservices.com](mailto:kumaresan@shareproservices.com).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mrs. Jayshree S. Joshi Proprietress of Jayshree Dagli & Associates, Practicing Company Secretaries, Mumbai has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "ballot paper" for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.cravatex.com](http://www.cravatex.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited, Mumbai.

By Order of the Board of Directors

**Sudhanshu Namdeo**  
Company Secretary

Place : Mumbai  
Dated : May 29, 2015

CIN : L93010MH1951PLC008546

**Registered Office:**

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.  
Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210  
E-mail: [investors@cravatex.com](mailto:investors@cravatex.com)  
Website: [www.cravatex.com](http://www.cravatex.com)



**NOTICE OF ANNUAL GENERAL MEETING****Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013****Item No. 5**

Ms. Pheroza Jimmy Bilimoria, 64 years of age, is a well-known personality in media and marketing communications in India. A founder member of the team that started Business India Publications, in 1978, where she was originally Head of Marketing, and thereafter became its Managing Director in the year 2000, she is credited with much of the success of the media house with titles such as Business India, Inside Outside, Auto India, The India Magazine and The Food Magazine.

Ms. Bilimoria is also credited for building successful off-shoot companies for the Group in exhibitions (Business India Exhibitions) and cable TV distribution (BITV Cables – now Hathaway Network). Ms. Bilimoria was also the Chief Executive of both the companies.

Ms. Bilimoria was the first woman President of the Advertising Club Mumbai, the Advertising Standards Council of India and the India Chapter of the International Advertising Association (ICIAA). For over 15 years, and until 2013, Ms. Bilimoria was on the World Committee and the Executive Committee of the International Advertising Association (IAA) based in New York, where she was the Honorary Secretary of the organisation for 6 years.

In 2013 Ms. Bilimoria received the prestigious Champions Award from the IAA in recognition of her “leadership and vision - commitment to excellence in communications and contribution to the advancement of the International Advertising Association”. In 2014 she was made a ‘Honorary Life Member of the IAA’ which is bestowed on a very select few worldwide.

Ms. Pheroza Jimmy Bilimoria does not hold any equity shares in the Company.

Other Directorships: Business India.Com Limited and Business India Data-Base Pvt. Ltd.

Committee Memberships : None

Ms. Pheroza Jimmy Bilimoria was appointed as an Additional Director of the Company by the Board of Directors with effect from September 19, 2014 in terms of Section 161(1) of the Companies Act, 2013 and Article 185 of the Articles of Association of the Company and holds office upto the date of the forthcoming Annual General Meeting.

In terms of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013, Ms. Bilimoria being eligible and offering herself for appointment is proposed to be appointed as an Independent Director for five consecutive years from the date of Annual General Meeting to be held on 14<sup>th</sup> August, 2015 upto 13<sup>th</sup> August, 2020 or upto the date of Annual General Meeting to be held in the calendar year 2020, whichever is earlier. A notice has been received from a member proposing Ms. Bilimoria as a candidate for the office of Independent Director of the Company and a deposit of Rs.1 lakh has been received.

In the opinion of the Nomination & Remuneration Committee and the Board, Ms. Bilimoria fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Ms. Bilimoria as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, Sunday and public holidays.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Bilimoria as an Independent Director.

Accordingly, the resolution mentioned in Item No. 5 of the Notice is being proposed for approval of Members as an Ordinary Resolution.

Except Ms. Bilimoria, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No. 6**

Vide resolution passed at the annual general meeting held on July 8, 2011 the members had approved the appointment of Mr. Rajesh Batra as the managing director of the Company for a period of 5 (five) years with effect from June 1, 2011 at a remuneration of Rs. 54 lacs per annum which was inclusive of the usual allowances, benefits, amenities, perquisites and facilities as per the rules of the Company for the time being in force but excluding the contribution to provident fund & superannuation fund, gratuity and encashment of leave.

Accordingly the Company has paid remuneration for the financial year 2011-12, 2012-13 and 2013-14. It is now proposed to pay a remuneration upto Rs.42 lacs to Mr. Rajesh Batra for the financial year 2015-16 which would exceed the ceiling limit of 5% of the net profits as stipulated under Section 197 of the Companies Act, 2013.

## NOTICE OF ANNUAL GENERAL MEETING

In terms of provision of Section 197 of the Companies Act, 2013 the remuneration payable to the managing director shall not exceed 5% of the net profits of the Company. However, Section II of PART II of Schedule V of the Companies Act, 2013 provides that where in any financial year during the currency of tenure of a managing director, a company has no profits or its profits are inadequate, a Company having effective capital more than Rs. 5 Crores and less than Rs.100 Crores may, without Central Government approval, pay remuneration to the managing director not exceeding Rs.42 lacs per annum subject to approval of Nomination & Remuneration Committee, Board of Directors and Members by Special Resolution.

The Nomination and Remuneration Committee and the Board of Directors at its meeting held on May 29, 2015 approved the payment of Remuneration upto Rs.42 lacs to Mr. Rajesh Batra for the financial year 2015-16.

In terms of provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 1956, the payment of remuneration to Mr. Rajesh Batra as Managing Director on remuneration of Rs.42 lacs per annum requires approval of Members by Special Resolution.

Accordingly, the resolution mentioned in Item No. 6 of the Notice is being proposed for approval of Members as a Special Resolution.

Except Mr. Rajesh Batra and Mr. Rajiv Batra (being brother of Mr. Rajesh Batra), none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.6.

By Order of the Board of Directors

**Sudhanshu Namdeo**  
*Company Secretary*

Place : Mumbai

Dated : May 29, 2015

CIN : L93010MH1951PLC008546

**Registered Office:**

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210

E-mail: [investors@cravatex.com](mailto:investors@cravatex.com)

Website: [www.cravatex.com](http://www.cravatex.com)

## **NOTICE OF ANNUAL GENERAL MEETING**

### **Details of Directors seeking re-appointment at the Annual General Meeting**

Mr. Rajesh Batra, 60 years of age, did his schooling in Campion School, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems Management from Jamnalal Bajaj Institute in 1978. Son of Mr. Ram Batra, a leading Businessman and Sheriff of Bombay in 1978, Mr. Rajesh Batra, along with his brother Mr. Rajiv Batra, founded PROLINE in 1983. The brand has a national presence and is presently sold through more than 30 company exclusive stores, major department stores & malls and several hundred retail outlets. A keen tennis enthusiast, Mr. Batra was the Maharashtra State Champion during 1970s and was ranked number 6 in India at that time. He has also represented India in the Asian Junior Championships in 1973 where he was a finalist and at the World University Games in 1973 in Moscow.

Mr. Batra is a Director on the Board of several Companies. Besides this, he is a trustee on several charitable trusts and promotes tennis through Ram Batra Memorial Foundation.

Mr. Batra holds 50 equity shares in the Company.

Other Directorships: National Peroxide Ltd.; B.R.T. Ltd.; Proline India Ltd.; Proline Exports Pvt. Ltd.; R.B. Fitness & Trading Pvt. Ltd., Batra Apparel Pvt. Ltd.

Section 25 Companies: Goodeed Charitable Foundation, Tristar Charitable Foundation, Northstar Charitable Foundation, Venus Charitable Foundation.

Committee Memberships: Cravatex Limited (Stakeholders Relationship Committee, CSR Committee); National Peroxide Ltd. (Audit Committee; Nomination and Remuneration Committee, Stakeholders Relationship Committee, CSR Committee).

## NOTICE OF ANNUAL GENERAL MEETING

**Statement forming part of Notice conveying the Annual General Meeting Dated 29.05.2015 as required under Section II of Part II of Schedule V**

### I. GENERAL INFORMATION

- |  |  |
|--|--|
| (1) Nature of Industry   | Marketing of Fitness Equipment, Footwear and Sports Goods.                                   |
| (2) Date of commencement of commercial production  | Date of Incorporation : June 22,1951<br>Date of commencement of commercial production : N.A. |
| (3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus. | N.A.   |
| (4) Financial performance based on given indicators.   |  |

	(Rs. In Lacs)				
	2014-15*	2013-14	2012-13	2011-12	2010-11
Paid up Capital	258.42	258.42	258.42	258.42	129.21
Reserves & Surplus	3,910.68	3,783.68	3,477.62	2,827.19	2,235.93
Secured Loans	6,404.93	6,470.62	4,358.23	2,361.83	1,520.29
Turnover	18,573.19	18,514.52	16,736.94	15,657.98	9,124.36
Profit before tax	303.79	570.21	1,055.49	1,199.08	926.51
Dividend	51.68	90.45	90.45	90.45	64.60

\*Subject to adoption in the forthcoming AGM.

- (5) Foreign Investments or Collaborators, if any. None

### II. INFORMATION ABOUT THE APPOINTEE

- (1) Background details
- Mr. Rajesh Batra, 60, did his schooling in Campion School, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems Management from Jamnalal Bajaj Institute in 1978. Son of Mr. Ram Batra, a leading Businessman and Sheriff of Bombay in 1978, Mr. Rajesh Batra, along with his brother Mr. Rajiv Batra, founded PROLINE in 1983.
- (2) Past Remuneration\*

	(Rs. In Lacs)			
Name	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Mr. Rajesh Batra	18.56	30.62	52.27	43.56

\* Remuneration Package includes Basic Salary, House Rent Allowance, Conveyance, Medical and Special Allowances but does not include contribution to Provident Fund & Superannuation Fund, Gratuity and Leave Encashment.

- (3) Recognition or awards
- A keen tennis enthusiast, Mr. Rajesh Batra was the Maharashtra State Champion during 1970s and was ranked number 6 in India at that time. He has also represented India in the Asian Junior Championships in 1973 where he was a finalist and at the World University Games in 1973 in Moscow.
- (4) Job Profile and his suitability
- Plan, direct and monitor the organisation's activities to achieve targets and standards for business performance.
  - Direct functions and performance via the executive team.
  - Maintain and develop organisational culture, values and reputation in its markets and with all stakeholders.



## NOTICE OF ANNUAL GENERAL MEETING

(d) Report to Board of Directors on organisational plans and performance.

(e) Ensure activities meet with and integrate with organisational requirements for quality management, health and safety, legal stipulations, environmental policies and general duty of care.

Mr. Rajesh Batra has worked his way to the highest level of the corporate ladder from the grass roots. He has progressed by his sheer hard work, trustworthiness, experience and his ability to face new challenges. He is the man who constantly strives for success and being a sportsman enjoys working in a team environment.

(5) Remuneration proposed

Upto Rs.42.00 lacs

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position of person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

N.A.

(7) Pecuniary relationship, directly and indirectly, with the Company or relation with the managerial person, if any.

Promoter

### III. OTHER INFORMATION

(1) Reasons of loss or inadequacy of profits

Adverse Market Conditions.

(2) Steps taken or proposed to be taken for improvement

Monitoring of expenses and working capital management

(3) Expected increase in productivity and profits in measurable terms

Around 15% improvement in performance and profitability.

### IV. DISCLOSURES

The details of annual remuneration package of Mr. Rajesh Batra is as follows:

(Amount in Rs.)

Basic	HRA	Conveyance	Medical	Special Allowances	Total
13,66,670	4,05,560	8,000	12,500	63,402	18,56,132

By Order of the Board of Directors

**Sudhanshu Namdeo**  
Company Secretary

Place : Mumbai

Dated : May 29, 2015

CIN : L93010MH1951PLC008546

**Registered Office:**

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210

E-mail: investors@cravatex.com

Website: www.cravatex.com

## REPORT OF THE BOARD OF DIRECTORS

### DIRECTORS' REPORT

#### To The Members of Cravatex Limited

Your Directors present the audited Financial Statements of the Company including audited Balance Sheet and the Statement of Profit and Loss together with their Report for the year ended March 31, 2015.

#### FINANCIAL RESULTS

	Current Year Rupees	Previous Year Rupees
Earnings before Finance Cost, Depreciation and Taxation	16,17,58,766	15,96,04,155
Less: Finance Cost	9,54,76,644	7,52,84,776
Less: Depreciation	3,59,03,459	2,72,97,684
Profit before Taxation	3,03,78,663	5,70,21,695
Provision for Taxation:		
Current Tax	(65,00,000)	(1,15,00,000)
MAT Credit Entitlements	39,00,000	35,00,000
Deferred Tax Credit/(Debit)	(49,88,769)	(75,53,828)
(Short)/Excess Provision for Earlier Years	—	(2,78,957)
Profit after Current Taxation	2,27,89,894	4,11,88,910
Adding thereto:		
Brought forward from Previous Year	1,74,63,991	3,18,56,764
Available for Appropriation	4,02,53,885	7,30,45,674
Less Appropriations:		
Adjustments relating to Fixed Assets	38,70,012	—
Proposed Dividend	51,68,320	90,44,560
Tax on Proposed Dividend	10,52,322	15,37,123
Amount transferred to General Reserve	1,00,00,000	4,50,00,000
Balance in Profit and Loss Account	2,01,63,231	1,74,63,991

#### STATEMENT OF COMPANY AFFAIRS

The turnover of the Company for the year under review has increased from Rs.18,515 lacs to Rs.18,573 lacs, while the earning before finance cost, depreciation and taxation stood at Rs.1,618 lacs as against Rs. 1,596 lacs. The Net Profit after tax for the year was Rs.228 lacs as against Rs. 412 lacs last year. The balance in Profit and Loss account is Rs.202 lacs.

#### DIVIDEND

The Directors are pleased to recommend dividend of Rs.2/- per equity share (previous year Rs.3.50 per equity share) on the nominal value of Rs.10/- per equity share for the year under review, which would be tax-free in the hands of the Members. The Dividend if approved by the Members at the Annual General Meeting, will absorb Rs.51,68,320/-.

#### SHARECAPITAL

The paid up equity share capital as on March 31, 2015 was Rs.2,58,41,600/-. During the year under review, the Company has not issued any shares.

#### TRANSFER TO RESERVES

The Company proposes to transfer Rs. 1,00,00,000/- to the general reserves out of the amount available for appropriation and an amount of Rs. 2,01,63,231/- is proposed to be retained in the profit and loss account.

#### FIXED DEPOSITS

The Company had accepted unsecured fixed deposits from its various members under the provisions of erstwhile Section 58A of the Companies Act, 1956 and the rules made thereunder. The Company does not invite or accept any fresh deposits from its member but renews the existing unsecured deposits as and when due for renewal.

## **REPORT OF THE BOARD OF DIRECTORS**

The total Unsecured Loans and Deposits stood at Rs. 2,35,25,000/- as on March 31, 2015 and there were no unclaimed deposits as on that date.

There has been no default in repayment of deposits or payment of interest thereon during the year and all deposits are in compliance with the requirements of Chapter V of the Companies Act, 2013.

### **INSURANCE**

The fixed assets of the Company have been adequately insured.

### **ISO 9001 : 2008**

The Company successfully conducted the Surveillance Audit for year 2014 under ISO 9001 : 2008 certification for its Fitness division.

### **DIRECTORS**

- Mr. Rajesh Batra (DIN 00020764) is retiring by rotation and, being eligible, offer himself for re-appointment.
- Ms. Pheroza Jimmy Bilimoria (DIN 00191386) was appointed as an Additional Director of the Company by the Board of Directors with effect from September 19, 2014 in terms of Section 161(1) of the Companies Act, 2013 and Article 185 of the Articles of Association of the Company and holds office upto the date of forthcoming Annual General Meeting

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Ms. Bilimoria being eligible and offering herself for appointment is proposed to be appointed as an Independent Director for five consecutive years from the date of Annual General Meeting to be held on August 14, 2015 upto August 13, 2020 or upto the date of Annual General Meeting to be held in the calendar year 2020, whichever is earlier. A notice has been received from a member proposing Ms. Bilimoria as a candidate for the office of Independent Director of the Company.

- Mr. N. Santhanam (DIN 00027724), Mr. N.R. Mahalingam (DIN 00035601), Dr. S.D. Israni (DIN 00125532), Mr. Arjun Bulchandani (DIN 00049092) and Mr. H.K. Vakharia (DIN 00020966) were appointed as Independent Directors for five consecutive years for a term upto March 31, 2019 in the Annual General Meeting held on August 13, 2014.
- None of the Directors or Key Managerial Personnel have resigned during the financial year 2014-15

### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

### **AUDIT COMMITTEE**

The details pertaining to the composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

### **SUBSIDIARY**

BB (UK) Ltd., a wholly owned subsidiary of the Company completed its fourth year of operations. It operates the FILA license in parts of the UK, Ireland, Middle East and Africa. It also provides sourcing services to several FILA licensees across the world. In a very difficult economic environment, it achieved a turnover of Rs.4682.45 lacs (previous year Rs. 5866.90 lacs) and a profit before tax of Rs.46.84 lacs (previous year Rs.61.12 lacs).

In accordance with the provisions of Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and its subsidiary company, which is forming part of the annual report.

The salient features of the financial statement of the subsidiary is set out in the prescribed Form AOC-1, which forms part of the annual report.

The annual accounts of the subsidiary will also be kept open for inspection for the Members at the Registered Office of the Company during the Company's business hours on any working day upto and including the date of the Annual General Meeting.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Companies Act, 2013, the Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

## REPORT OF THE BOARD OF DIRECTORS

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited has been complied with. A separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a Certificate from a Practicing Company Secretary.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange is annexed and forms a part of this report.

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

Information required pursuant to Section 134(3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014, is given in the Annexure I to this Report.

### PARTICULARS OF THE EMPLOYEES

There was only 1 person employed throughout the year, who was in receipt of Rs. 60 lacs per annum or more and none of the employee employed for part of the financial year was in receipt of remuneration of Rs. 5 lacs per month or more. During the financial year ended March 31, 2015 the company had 311 permanent employees on the rolls of company.

The Information required under Section 197(12) of the Companies Act, 2013 read with rules made thereunder forms part of this report. However, as per provision of Section 136(1) of the Companies Act, 2013 the accounts are being sent to all Members excluding the statement of particulars of employees under Section 197(12) of the Act. The company will make available the particulars available to the Members, seeking such information at any point of time. The particulars of the employees u/s 136(1) will also be kept open for inspection for the Members at the Registered Office of the Company during the Company's business hours on any working day upto and including the date of the Annual General Meeting or any adjournment or adjournments thereof.

### CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of business carried on by the Company and of its Subsidiary. The Company has not changed the class of business in which the Company has an interest.

### MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### CONSOLIDATED ACCOUNTS

The consolidate financial statements of the Company are prepared in accordance with the relevant accounting standards viz AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India and forms a part of this report.

### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the annual return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is included in this report as Annexure II and forms a part of this report.



## **REPORT OF THE BOARD OF DIRECTORS**

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the listing agreement, a structured questionnaire was prepared after taking into consideration the various aspects of the Board functioning, composition and the Board and its committee, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance of the Chairman and Non-Independent Directors were carried out by the Independent Directors. The Board of Directors express their satisfaction with the evaluation process.

### **NUMBER OF BOARD MEETINGS**

The Company held 4 (four) Board Meetings during the Financial Year 2014 – 15. These were on May 30, 2014, August 13, 2014, November 12, 2014 and February 12, 2015.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of loans, guarantees and investments covered under section 186 of the Companies Act, 2013 are given in the notes to the financial statement.

### **WHISTLE BLOWER POLICY**

The Company has a whistle blower policy to report genuine concerns or grievances. The whistle blower policy has been posted on the website of the Company.

### **NOMINATION AND REMUNERATION POLICY**

The Board of Directors have framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Persons and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members.

### **RELATED PARTY TRANSACTIONS**

All transaction entered with related parties were on arms length basis in the ordinary course of business and that the provisions of section 188 of the Companies Act, 2013 were not attracted. Hence, disclosure under Form AOC-2 is not required. Further there are no material related party transactions during the year under review with the Promoters, Key Managerial Persons and Senior Management Personnel. The Company has developed a related party transactions framework through standard operating procedures for the purpose of identification and monitoring of such transactions. All related party transactions are placed before the audit committee and board for approval.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

### **CORPORATE SOCIAL RESPONSIBILITY**

The Company is committed to support the underprivileged sections of the society and thereby undertakes Corporate Social Responsibility initiatives in accordance with the terms of Section 135 of the Companies Act, 2013 and the guidelines stated in Schedule VII of the Companies Act 2013. Since the projects undertaken are multi year projects, the unspent amount will be spent in the next year. The report on CSR activities as required under Companies (Corporate Social Responsibility) Rules 2014 is set out at annexure III and forms part of this report.

### **SECRETARIAL AUDIT**

In terms of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s. Hemanshu Kapadia & Associates, Practising Company Secretary, to conduct the Secretarial Audit for the financial year 2014-15. The secretarial audit report is included as Annexure IV and forms a part of this report.

### **INTERNAL CONTROL SYSTEMS**

Objective evaluation of adequacy and efficiency of internal controls and systems are done by qualified audit firm and monitored closely by the top management. Present control systems are considered as adequate though constantly improved upon.

## REPORT OF THE BOARD OF DIRECTORS

## RISK MANAGEMENT

The risks that the Company is exposed to and the measures taken by the Company to tackle the same are as follows:

Sr. No.	Risk Description	Key Risk Matrix	Mitigation Measure
1	Increase in cost of goods due to adverse movement of foreign exchange rates.	Reduction in profit margin.	Open position is monitored daily and hedging is done by way of forward cover.
2	Destruction of properties and assets due to fire etc	Loss of assets resulting in financial loss.	Comprehensive insurance is taken and monitored from time to time for adequacy. We have tied up with a corporate insurance consultant for all our insurance needs.
3	Termination of licenses/selling arrangements	Discontinuation of business in related specified product	<ol style="list-style-type: none"> <li>1. FILA License: A comprehensive document listing all compliance parameters with name of persons responsible is in place.</li> <li>2. Johnsons Distribution Arrangement: Achieving of annual sales target is the main compliance parameter which is discussed with the licensor and complied with.</li> <li>3. Wilson Distribution Arrangement: Achieving of annual sales target is the main compliance parameter which is discussed with the licensor and complied with.</li> </ol>

## AUDITORS' REPORT

There are no qualifications, reservation, adverse remark or disclaimer made by the Statutory Auditors and Secretarial Auditors and do not call for any explanation or comment under Section 134(3)(f) of the Companies Act, 2013.

## STATUTORY AUDITORS

M/s. S. P. Chopra & Co. (Registration No.101911W), Chartered Accountants, will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment as auditors of the Company.

## PREVENTION OF SEXUAL HARASSMENT

The Company is committed to provide a safe and conducive work environment to all women employees. The Company strives hard to ensure that all women employees are treated with dignity and respect, and are committed to providing a work environment free of sexual harassment. Pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and rules made thereunder, the Company has a Policy for prevention of Sexual Harassment in the Company. This policy is applicable to all categories of employees of the Company, including permanent management, temporary staff, trainees and employees on contract at its workplace.

During the financial year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

## ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation for the efforts, hard work, dedication and commitment put by employees at all levels as also for the valuable support extended by the Members, Bankers and other business associates.

**For and on behalf of the Board of Directors**

**Rajesh Batra**  
Chairman & Managing Director

Place : Mumbai  
Dated : May 29, 2015

CIN : L93010MH1951PLC008546

**Registered Office:**

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210

E-mail: investors@cravatex.com

Website: www.cravatex.com

## REPORT OF THE BOARD OF DIRECTORS

### Annexure I

Additional information as required under The Companies (Accounts) Rules, 2014.

#### A. CONSERVATION OF ENERGY

##### (a) The steps taken on conservation of energy:

The Company has been making optimum use of electrical energy by regular maintenance. Regular watch has been kept to prevent wastage of energy.

##### (b) Impact on conservation of energy:

Negligible.

##### (c) The steps taken by the company for utilising alternate sources of energy

None as the Company is not engaged in any manufacturing activities and the energy consumption is insignificant.

##### (d) The capital investment on energy conservation equipments:

None presently.

#### B. TECHNOLOGY ABSORPTION

##### (i) The efforts made towards technology absorption;

Not Applicable as the Company is not engaged in any Manufacturing Activities.

##### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;

Not Applicable

##### (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

Not Applicable

##### (iv) The expenditure incurred on Research and Development.

None

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are as follows:

	2014-15 Rupees	2013-14 Rupees
CIF Value of Imports:		
Goods Traded	61,51,38,495	78,90,37,333
Expenditure In Foreign Exchange (on payment basis):		
Sublicense Fees	6,21,59,355	3,40,29,088
Travelling Expenses	43,46,915	45,26,965
Professional Fees	—	20,55,624
	<u>6,65,06,270</u>	<u>4,06,11,677</u>
Earnings in Foreign Exchange (on receipt basis):		
FOB Value of Goods	3,86,66,365	14,00,34,178

## REPORT OF THE BOARD OF DIRECTORS

## Annexure II

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2015

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L93010MH1951PLC008546
ii.	Registration Date	22/06/1951
iii.	Name of the Company	Cravatex Limited
iv.	Category/Sub-Category of the Company	Company Limited by Shares
v.	Address of the Registered office and contact details	Sahas, 4 <sup>th</sup> Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025, Maharashtra Tel: 022 66667474 Fax: 022 24313210 Email: investors@cravatex.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane Off Andheri Kurla Road, Sakinaka, Andheri (East) Mumbai – 400 072 Tel: 022 67720300, 67720400 & 67720316 Fax: 022 28591568, 28508927

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the company
1	Sports Goods	639.20	60.65
2	Fitness Equipments	621.00	30.64

## PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	BB UK Ltd. Unit 1, Colonial Business Park, Watford WD24 4PR	N.A.	Foreign Subsidiary	100%	2(87)
2.	R.B.Fitness and Trading Pvt Ltd Sahas, 4 <sup>th</sup> Floor, 414/2, Veer Savarkar Marg, Prabhadevi Mumbai – 400 025	U74900MH2013PTC241644	Holding	74.36%	2(46)



## REPORT OF THE BOARD OF DIRECTORS

### III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise ShareHolding

Category of Share holders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April, 2014				No. of Shares held at the end of the year 31 <sup>st</sup> March, 2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
1) Indian									
a) Individual/ HUF	16,540	0	16,540	0.64	16,540	0	16,540	0.64	0.00
b) Central Govt	0	0	0	0	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp	19,21,580	0	19,21,580	74.36	19,21,580	0	19,21,580	74.36	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0.00
f) Any Other	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A) (1)</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>0.00</b>
2) Foreign									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0.00
h) Other-Individuals	0	0	0	0	0	0	0	0	0.00
i) Bodies Corporate	0	0	0	0	0	0	0	0	0.00
j) Banks / FI	0	0	0	0	0	0	0	0	0.00
k) Any Other	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Promoter Holding</b>									
<b>(A)=(A)(1)+ (A)(2)</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks / FI	0	0	0	0	0	0	0	0	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Sub-total(B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
2) Non Institutions									
a) Bodies Corporate									
(i) Indian	43,564	1,285	44,849	1.74	27,909	1,285	29,194	1.13	(0.61)
(ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,28,576	1,26,050	3,54,626	13.72	2,33,944	1,22,499	3,56,443	13.79	0.07
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,86,223	52,000	2,38,223	9.21	2,00,242	52,000	2,52,242	9.76	0.55
c) Others(Specify)									
Non Resident (Non Rep)	2,774	2,774	2,774	0.11	3,665	3,665	3,665	0.14	0.03
Non Resident (Rep)	5,568	5,568	5,568	0.22	4,496	4,496	4,496	0.18	(0.04)
<b>Sub-total(B)(2)</b>	<b>4,66,705</b>	<b>1,79,335</b>	<b>6,46,040</b>	<b>25.00</b>	<b>4,70,256</b>	<b>1,75,784</b>	<b>6,46,040</b>	<b>25.00</b>	<b>0.00</b>
<b>Total Public Shareholding</b>									
<b>(B)=(B)(1)+ (B)(2)</b>	<b>4,66,705</b>	<b>1,79,335</b>	<b>6,46,040</b>	<b>25.00</b>	<b>4,70,256</b>	<b>1,75,784</b>	<b>6,46,040</b>	<b>25.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0.00
<b>GRAND TOTAL (A+B+C)</b>	<b>24,04,825</b>	<b>1,79,335</b>	<b>25,84,160</b>	<b>100.00</b>	<b>24,08,376</b>	<b>1,75,784</b>	<b>25,84,160</b>	<b>100.00</b>	<b>0.00</b>

## REPORT OF THE BOARD OF DIRECTORS

## ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2014			Shareholding at the end of the year 31 <sup>st</sup> March, 2015			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Jamna Batra	20	0.00	—	10	0.00	—	—
2.	Rajiv Batra	20	0.00	—	20	0.00	—	—
3.	Raj Batra	10	0.00	—	10	0.00	—	—
4.	Divya Batra	20	0.00	—	20	0.00	—	—
5.	Sujaya Batra	20	0.00	—	20	0.00	—	—
6.	Prathima Batra	16,400	0.62	—	16,400	0.62	—	—
7.	Rajesh Batra	40	0.00	—	50	0.00	—	—
8.	Rohan Batra	10	0.00	—	10	0.00	—	—
9.	Proline Exports Pvt. Ltd.	10	0.00	—	10	0.00	—	—
10.	R.B.Fitness and Trading Pvt. Ltd.	19,21,570	74.36	—	19,21,570	74.36	—	—
<b>Total</b>		<b>19,38,120</b>	<b>75.00</b>	<b>—</b>	<b>19,38,120</b>	<b>75.00</b>	<b>—</b>	<b>—</b>

## iii. Change in Promoters 'Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Rajesh Batra				
	At the beginning of the year	40	0.00	40	0.00
	Add: Transfer from Jamna Batra	10	0.00	10	0.00
	At the end of the year	50	0.00	50	0.00
2.	Jamna Batra				
	At the beginning of the year	20	0.00	20	0.00
	Less: Transfer to Rajesh Batra	10	0.00	10	0.00
	At the end of the year	10	0.00	10	0.00

## REPORT OF THE BOARD OF DIRECTORS

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahesh Parameswaran Nair	52,000	2.01	52,000	2.01
2.	Dipak Kanayalal Shah	52,029	2.01	50,000	1.93
3.	Harish Hassa Mohnani	51,886	2.01	49,659	1.92
4.	Anil Kumar Hirjee	42,138	1.63	42,138	1.63
5.	Laxmichand Kunverji Kenia	0	0.00	14,500	0.56
6.	Anshul Saigal	0	0.00	14,005	0.54
7.	Shashank S Khade	13,158	0.51	13,158	0.51
8.	Integrated Master Securities (P) Ltd.	32,376	1.25	12,198	0.47
9.	Surender K Sood	10,230	0.40	9,730	0.38
10.	Bharat Kunverji Kenia	0	0.00	9,365	0.36

**v. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Rajesh Batra				
	At the beginning of the year	40	0.00	40	0.00
	Add: Purchases	10	0.00	10	0.00
	At the end of the year	50	0.00	50	0.00
2.	N.R. Mahalingam				
	At the beginning of the year	2,560	0.09	2,560	0.09
	Add/(Less): Increase/(Decrease)	—	—	—	—
	At the end of the year	2,560	0.09	2,560	0.09
3.	Rajiv Batra				
	At the beginning of the year	20	0.00	20	0.00
	Add/(Less): Increase/(Decrease)	—	—	—	—
	At the end of the year	20	0.00	20	0.00

## REPORT OF THE BOARD OF DIRECTORS

## IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,470.62	249.40	—	6,720.02
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>6,470.62</b>	<b>249.40</b>	<b>—</b>	<b>6,720.02</b>
Change in Indebtedness during the financial year				
— Addition	—	—	—	—
— Reduction	65.69	14.15	—	79.84
<b>Net Change</b>	<b>65.69</b>	<b>14.15</b>	<b>—</b>	<b>79.84</b>
Indebtedness at the end of the financial year				
i) Principal Amount	6,404.93	235.25	—	6,640.18
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>6,404.93</b>	<b>235.25</b>	<b>—</b>	<b>6,640.18</b>



## REPORT OF THE BOARD OF DIRECTORS

### V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr.Rajesh Batra Managing Director	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	18.56	18.56
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—
	Stock Option	—	—
	Sweat Equity	—	—
	Commission	—	—
	— as % of profit		
	— Others, specify		
	Others, please specify	—	—
	<b>Total (A)</b>	18.56	18.56

#### B. Remuneration to other directors

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Fee for attending board/ committee meetings	Commission	Other Please Specify	Total Amount
1.	<b>Independent Directors</b>				
	Mr. Arjun Bulchandani	0.90	NIL	NIL	0.90
	Mr. H.K. Vakharia	1.40	NIL	NIL	1.40
	Mr. N. R. Mahalingam	1.40	NIL	NIL	1.40
	Dr. S. D. Israni	1.40	NIL	NIL	1.40
	Mr. N. Santhanam	1.10	NIL	NIL	1.10
	<b>Total (1)</b>	<b>5.70</b>	<b>NIL</b>	<b>NIL</b>	<b>5.70</b>
2.	<b>Other Non-Executive Directors</b>				
	Mrs. Pheroza Jimmy Bilimoria	0.40	NIL	NIL	0.40
	Mr. Rajiv Batra	0.60	NIL	NIL	0.60
	Mr. Nabankur Gupta	1.00	NIL	NIL	1.00
	<b>Total (2)</b>	<b>2.00</b>	<b>NIL</b>	<b>NIL</b>	<b>2.00</b>
	Total Managerial Remuneration	NIL	NIL	NIL	NIL
	<b>Total (B) = (1+2)</b>	<b>7.70</b>	<b>NIL</b>	<b>NIL</b>	<b>7.70</b>

## REPORT OF THE BOARD OF DIRECTORS

## C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Divakar Kamath CFO	Sudhanshu Namdeo Company Secretary	
1.	Gross Salary			
2.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.84	19.34	48.18
3.	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—
4.	(c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	—	—	—
5.	Stock Option	—	—	—
6.	Sweat Equity	—	—	—
7.	Commission			
	— as % of profit	—	—	—
	— others, specify	—	—	—
8.	Others, please specify	—	—	—
9.	<b>Total</b>	<b>28.84</b>	<b>19.34</b>	<b>48.18</b>

## VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>B. Directors</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>C. Other Officers In Default</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

## REPORT OF THE BOARD OF DIRECTORS

### ANNEXURE III

#### DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITY

##### 1. CSR Policy Details

The CSR Committee will play the following role in fulfilling the Company's CSR objectives:

- Recommendation of the project/ programme to be undertaken within the long term vision and strategy of the Company in respect of CSR activities, amount of expenditure to be incurred, types of activities, roles and responsibilities of various stakeholders etc.
- Formulation of a monitoring mechanism for ensuring implementation of the projects/programs undertaken or the end use of the amount spent by it towards CSR activities.

The Contribution will be made for any activities undertaken within India. The Committee will give preference to the local area and areas around it where it operates in spending the amount earmarked for CSR activities.

The details of CSR Policy are available at the weblink [http://www.cravatex.com/admin/file\\_new/CSR%20Policy%20-%2013.08.14.pdf](http://www.cravatex.com/admin/file_new/CSR%20Policy%20-%2013.08.14.pdf)

##### 2. Composition of CSR Committee

The Board of Directors of the Company have constituted a CSR Committee of Directors comprising of three directors with at least one being an Independent Director as mentioned below:

Name		Role
Nabankur Gupta	<i>Non-Executive Director</i>	Chairperson
N. Santhanam	<i>Non-Executive &amp; Independent Director</i>	Member
Rajesh Batra	<i>Managing Director</i>	Member

##### 3. Average Net Profit of Cravatex Limited in the last 3 Financial Years: Rs. 9,89,94,302/-

##### 4. Prescribed CSR Expenditure during FY 2014-15: Rs. 19,79,886/-

##### 5. Details of CSR Spent during FY 2014-15

- (a) Total amount to be spent for the financial year 2014-15: Rs. 19,79,886/-
- (b) Amount unspent: Rs. 88,542/-

## REPORT OF THE BOARD OF DIRECTORS

(c) Manner in which the amount is spent during the financial year 2014-15 is mentioned below:

CSR Project identified	Partnering NGO	Sector in which the project is covered	Project or program 1. Local area or others 2. State and District where the project/ program was undertaken	Amount outlay (budget) project wise (INR)	Amount spent on the project Sub – heads: 1. Direct expenditure on projects or programs (INR) 2. Overheads (INR)	Cumulative expenditure upto March 2015	Amount spent directly or through implementing agency
<b>Project Muskaan</b>	Mumbai Mobile Creches	Nutrition	Mumbai, Maharashtra	INR 4,00,000	1. Direct Expenditure 4,00,000 2. Overheads 5,000	4,05,000	4,05,000
<b>Project Khushi</b>	Aseema Charitable Trust	Nutrition	Mumbai, Maharashtra	INR 9,70,000	1. Direct Expenditure 9,84,282 2. Overheads 9,909	9,52,251	9,52,251
<b>Project Arpan</b>	Shelter Don Bosco	Nutrition & Education	Mumbai, Maharashtra	INR 5,20,000	1. Direct Expenditure 5,35,173	5,35,173	5,35,173
<b>Total</b>				<b>18,90,000</b>		<b>18,91,344</b>	<b>18,91,344</b>

\* All the expenses made in relation to the CSR projects, were made directly by Cravatex Limited. No external agency was involved in carrying out the CSR activities.

#### 6. Responsibility Statement

The CSR committee hereby confirms that the implementation and monitoring of the CSR policy, is in compliance with the CSR objective and policy of the company.

**Nabankur Gupta**  
Chairman of CSR committee

**Rajesh Batra**  
Managing Director

Place : Mumbai  
Dated : May 29, 2015

## REPORT OF THE BOARD OF DIRECTORS

### ANNEXURE IV

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

*For the Financial year ended 31st March 2015*

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

#### To The Members of Cravatex Limited

6 Sahas, 4th Floor 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cravatex Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Cravatex Limited ("the Company") for the financial year ended on 31<sup>st</sup> March 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit period as the Company has not issued any new securities);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit period as the Company has not issued any securities under Employee Stock Option Scheme);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit period as delisting of securities did not take place); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit period as the Company has not Bought back its securities);

## REPORT OF THE BOARD OF DIRECTORS

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable to the Company as on the date of this report);
- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- (i) Public/Rights/Preferential/Bonus issue of shares / debentures/sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger /amalgamation /reconstruction etc.
- (iv) Foreign technical collaborations.

For Hemanshu Kapadia & Associates

**Hemanshu Kapadia**  
*Proprietor*  
C.P. No. 2285  
Membership No. 3477

Place : Mumbai  
Dated : May 29, 2015

This report is to be read with our letter of even date annexed as **Annexure A** and forms an integral part of this report.



**REPORT OF THE BOARD OF DIRECTORS****Annexure A****To The Members of Cravatex Limited**

6 Sahas, 4th Floor 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025

Our report of even date is to be read along with the letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Hemanshu Kapadia & Associates

**Hemanshu Kapadia**  
*Proprietor*  
C.P. No. 2285  
Membership No. 3477

Place : Mumbai  
Dated : May 29, 2015

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Economic Overview:** The domestic economic indicators for the year 2014-15 were positive. GDP estimates for FY 2015 at 7.4% were better than the previous year (6.9%). Fall in crude oil prices helped improve YOY WPI inflation from 6.3% to 4.2% and CPI inflation from 10.1% to 7.4%. Indian Rupee was less volatile barring few spikes. Further, the new government at the centre also improved the overall perception about the Indian economy. However, the overall demand and consumer spending hardly witnessed improvement in the year 2014-15.

Considering the continued initiatives of the government at the centre stimulating the domestic economic growth, the year 2015-16 is expected to be better than the previous year.

**Business Overview:** The company's domestic sales at Rs 183.16 Cr registered a marginal growth of 5.13% over previous year. Total sales at Rs 185.73 Cr including export sales were almost neutral due to reduced export sales of Rs 2.57 Cr vis-à-vis previous year Rs 10.93 Cr. Weaker global demand is the major reason for reduced export sales. In absence of signs of strong liquidity in the market, the company has been cautious and conservative in sales push.

As regards the profitability during FY 15, reduced other income, increase in purchase cost, import duty and operating cost had an impact on the bottom line. Gross EBITDA was at Rs 16.18 Cr vis-à-vis previous year Rs 15.96 Cr. Operating EBITDA at Rs 13.51 Cr. has improved from Rs. 11.44 Cr. in previous year. PBT at Rs 3.03 Cr. has been adversely impacted due to higher interest cost on increased working capital funding on extended cycle. Further, increase in exchange rate also impacted the profitability.

On the background of sluggish market conditions and other challenges, the overall performance of the company is considered as satisfactory.

**Prospects:** The company's products fall under the discretionary purchase category. Surplus cash left with consumers highly influence the demand for company's products. Further the challenge posed by the online business has had its impact on brick and mortar retail. The Company is taking effective steps to overcome the challenges and expects to record a moderate growth in the next year.

**Risk:** Major purchases of the company are imported. Exchange risk is identified as major risk factor. The risk is managed effectively under professional advise.

**Internal Control Systems:** Internal audit firm M/s Sharp and Tannan (Goa), Chartered Accountants engaged by the company undertake objective evaluation of adequacy and efficiency of internal control and systems. The top management monitor the implementation of their recommendations and compliance.

Surveillance audit of Fitness division under ISO 9001:2008 has been concluded successfully.

**HR:** The company's employees are committed and dedicated towards contribution to the company's performance. The Human resource development function nurture this culture in the company. Overall HR environment in the company has been cordial and encouraging.

**CSR initiative:** The CSR engagements started last year has gathered momentum. Project "Muskan" which supports mobile crèche for children of construction laborers run by an NGO, started last year covered few more sites during the reporting year. The company has rolled out project "Khushi" for supporting education and health of underprivileged children. One more project "Arpan" was also rolled out for supporting a shelter for street children run by an NGO. The projects are regularly monitored for ensuring direct benefits to the intended target.

## REPORT ON CORPORATE GOVERNANCE

### REPORT ON CORPORATE GOVERNANCE

The Board has taken adequate steps to ensure that all mandatory provisions of Corporate Governance has been complied with. The Board furnishes the following relevant information for the benefit of the Members.

#### 1. Company's Philosophy on Code of Governance

Your Company is committed to bring about good corporate governance practices. The Company serves its customers with creative and innovative ideas and solutions and displays its passion through the quality of its products and services. The Company demand's excellence in all aspects of the business, help the people succeed by providing them support and feedback and build teams that collaborate and contribute to their success. The Company aggressively promotes and protects its way of doing business. Every employee of the Company is not just an employee but an important resource and part of the family. The Company shows respect and values every employee of the Company and takes pride in their diversity. The Company has a commitment to do business with strong corporate governance and openness by working across all organisational boundaries and strive to break down internal barriers and accept the accountability for their own actions and results.

#### 2. Board of Directors

##### (a) Composition / Category of Directors

Directors	Designation	Board Meetings		Last AGM Attended	# No. of Other Directorships	@Member of Committees (Chairman)
		Held	Attended			
Mr. Rajesh Batra (Chairman)	Managing Director	4	4	Yes	3	3
Mr. Arjun Bulchandani	Independent Director	4	4	Yes	None	1
Mr. H. K. Vakharia	Independent Director	4	4	Yes	None	None
Mr. N. R. Mahalingam	Independent Director	4	4	Yes	1	2 (chairman of 1)
Dr. S. D. Israni	Independent Director	4	4	Yes	3	2
Mr. Nabankur Gupta	Non-executive Director	4	3	Yes	7	4 (chairman of 1)
Mr. Rajiv Batra	Non-executive Director	4	3	Yes	1	None
Mr. N. Santhanam	Independent Director	4	3	Yes	None	1 (chairman of 1)
Mrs. Pheroza Jimmy Bilimoria*	Additional Director	2	2	N.A.	1	None

\* Appointed w.e.f. September 16, 2014

# excludes alternate directorship, directorship in foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.

@ includes audit committee & shareholders'/investors' grievance committee of public companies.

None of the Directors are related to any other Director on the Board, except Mr. Rajesh Batra and Mr. Rajiv Batra, who are related to each other as brothers.

##### (b) Details of Remuneration and No. of Shares Held in the Company

The appointment of Managing Director is governed by the recommendation of the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Members of the Company, which covers the terms of such appointment and remuneration payable. The details of remuneration paid to the Managing Director during the financial year 2014-15 and no. of shares held as on March 31, 2015 are given below:

Name	Designation	Gross Remuneration (Rs.)	No. of Shares
Mr. Rajesh Batra	Managing Director	18,56,132/-	50

## REPORT ON CORPORATE GOVERNANCE

The Non-executive Directors are paid remuneration by way of sitting fees. The details of sitting fees paid to the Non-executive Directors during the financial year 2014-15 and no. of shares held as on March 31, 2015 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs.)	No. of Shares
Mr. Arjun Bulchandani	4	80,000/-	NIL
Mr. H.K. Vakharia	4	80,000/-	NIL
Mr. N. R. Mahalingam	4	80,000/-	2,560
Dr. S. D. Israni	4	80,000/-	NIL
Mr. Nabankur Gupta	3	60,000/-	NIL
Mr. Rajiv Batra	3	60,000/-	20
Mr. N. Santhanam	3	60,000/-	NIL
Mrs. Pheroza Jimmy Bilimoria	2	40,000/-	NIL

**(c) Number of Board Meetings held during the year 2014-15**

The Company held 4 (four) Board Meetings during the Financial Year 2014-15. These were held on May 30, 2014, August 13, 2014, November 12, 2014 and February 12, 2015.

**3. Board Committees**

The Board has constituted the following Committees of Directors:

**(A) Audit Committee**

**(a) Composition**

The Audit Committee consists of the following Non-executive Directors:

(1) Mr. N. Santhanam (Chairman) (2) Mr. Nabankur Gupta, (3) Dr. S.D. Israni and (4) Mr. N.R. Mahalingam

Mr. Sudhanshu Namdeo, Company Secretary acts as the Secretary to the Committee.

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the Internal Auditors and Statutory Auditors, selection and establishment of accounting policies, review of financial statements, both quarterly and annual, before submission to the Board, review of management discussion and analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under Clause 49 of the Listing Agreement.

**(b) Number of Meetings held & Details of Remuneration paid during the financial year 2014-15**

The Company held 4 (four) Audit Committee Meetings on May 30, 2014, August 13, 2014, November 12, 2014 and February 12, 2015. The details of sitting fees paid to the Committee Members during the financial year 2014-15 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs.)
Mr. N. Santhanam	3	30,000/-
Mr. Nabankur Gupta	3	30,000/-
Dr. S. D. Israni	4	40,000/-
Mr. N. R. Mahalingam	4	40,000/-

## REPORT ON CORPORATE GOVERNANCE

### (B) Stakeholders Relationship Committee

#### (a) Composition

The Stakeholders Relationship Committee consists of the following Directors:

(1) Mr. N.R. Mahalingam (Chairman) (2) Mr. Arjun Bulchandani and (3) Mr. Rajesh Batra

Mr. Sudhanshu Namdeo, Company Secretary is designated as the Compliance Officer.

Broad terms of reference of the Stakeholders Relationship Committee include to approve and register the transfers and/or transmission of equity shares of the Company, redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

There was no investor complaints received during the financial year 2014-15. There were no complaints pending at the end of the Financial Year.

#### (b) Number of Meetings held & Details of Remuneration paid during the financial year 2014-15

The Company held 11 (eleven) Stakeholders Relationship Committee Meetings in the Financial Year 2014-15. However, the Members of the Committee are not entitled to remuneration and accordingly, no remuneration has been paid to any of its Committee Members.

### (C) Nomination and Remuneration Committee

#### (a) Composition

The Nomination and Remuneration Committee consists of the following Non-executive Directors:

(1) Mr. N.R. Mahalingam (Chairman) (2) Mr. Nabankur Gupta (3) Dr. S.D. Israni and (4) Mr. N. Santhanam

Broad terms of reference of the Nomination and Remuneration Committee include to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

#### (b) Number of Meetings held & Details of Remuneration paid during the financial year 2014-15

The Company held 1 (one) Nomination and Remuneration Committee Meeting on August 13, 2014. The details of sitting fees paid to the Committee Members during the financial year 2014-15 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs.)
Dr. S. D. Israni	1	10,000/-
Mr. Nabankur Gupta	1	10,000/-
Mr. N. R. Mahalingam	1	10,000/-
Mr. N. Santhanam	1	10,000/-

### (D) Corporate Social Responsibility (CSR) Committee:

#### (a) Composition

The CSR Committee consists of the following Directors :

(1) Mr. Nabankur Gupta (Chairman) (2) Mr. N. Santhanam and (3) Mr. Rajesh Batra

Broad terms of reference of the CSR Committee include to support the underprivileged sections of your society and thereby undertakes corporate social responsibility initiatives in accordance with the terms of Section 135 of the Companies Act, 2013 and the guidelines stated in Schedule VII of the Companies Act 2013.

## REPORT ON CORPORATE GOVERNANCE

### (b) Number of Meetings held & Details of Remuneration paid during the financial year 2014-15

The Company held 3 (three) CSR Committee Meetings in the Financial Year 2014-15. These were held on August 13, 2014, November 12, 2014 and February 12, 2015. However, the Members of the Committee are not entitled to remuneration and accordingly, no remuneration has been paid to any of its Committee Members.

### (E) Independent Directors' Meeting:

During the year under review, Independent Directors met on March 31, 2015, without the presence of Managing Director, Non-Executive, Non-Independent Directors and Management Team. The meeting was attended by all Independent Directors and was convened to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. At the meeting, they

- i. reviewed the performance of non-independent directors and the Board as a whole;
- ii. reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii. assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board and its committees that is necessary for the Board to effectively and reasonably perform their duties

The Independent Directors hold an unanimous opinion that the Non-Independent Directors, including the Managing Director bring to the Board, abundant knowledge in their respective fields and are experts in their areas. Besides, they are insightful, convincing, astute, with a keen sense of observation, mature and have a deep knowledge of the Company. The Board as a whole is an integrated, balanced and cohesive unit where diverse views are expressed and dialogued when required, with each Director bringing professional domain knowledge to the table. All Directors are participative, interactive and communicative. The Chairperson has abundant knowledge, experience, skills and understanding of the Board's functioning, possesses a mind for detail, is meticulous to the core and conducts the Meetings with poise and maturity.

The information flow between the Company's Management and the Board is complete, timely with good quality and sufficient quantity.

### Performance Evaluation:

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including Chairman of the Board. Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and CSR Committees and other committees. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.



## REPORT ON CORPORATE GOVERNANCE

### 4. Details in respect of last three Annual General Meetings (AGM)

- (a) Location and time where last three AGMs were held:

	I (AGM)	II (AGM)	III (AGM)
Date	13/08/2014	13/08/2013	14/08/2012
Venue	Rachana Sansad Auditorium 278, Shankar Ghanekar Marg Prabhadevi Mumbai-400 025	Rachana Sansad Auditorium 278, Shankar Ghanekar Marg Prabhadevi Mumbai-400 025	Textiles Committee P. Balu Road, Prabhadevi Chowk Prabhadevi Mumbai-400 025
Time	10.30 a.m.	10.30 a.m.	10.30 a.m.

- (b) Whether any Special Resolutions were passed in the previous three AGMs ?

Yes

- (c) Whether any Special Resolutions were passed last year through postal ballot – details of voting pattern.

No

- (d) Person who conducted the postal ballot exercise ?

Not Applicable

- (e) Whether any Special Resolution is proposed to be conducted through postal ballot this year ?

No

- (f) Procedure for Postal Ballot:

The procedure for conducting the postal ballot exercise, if any, would be as per The Companies (Management and Administration) Rules, 2014 read with Section 110 of the Companies Act, 2013.

### 5. Other Disclosures:

- (a) Related Party Transactions

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large:

None of the transactions with any of the related parties were in conflict with the interest of the Company at large.

- (b) Disclosures on Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Assessment and Minimisation Procedure. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

- (c) Code of Conduct

The Board of Directors has adopted the Code of Conduct for the Board of Directors and Senior Management of the Company. The said Code has been communicated to all the Directors and Members of the Senior Management. The Code has also been posted on the Company's website [www.cravatex.com](http://www.cravatex.com).

- (d) Whistle Blower Policy

The Company has adopted the Whistle Blower Policy. The Company does not deny access to any personnel to approach the Management on any issue.

- (e) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None

## REPORT ON CORPORATE GOVERNANCE

### 6. CEO/CFO Certification:

The Managing Director and Chief Financial Officer, have provided the certificate on the financial statements and internal controls of the Company.

### 7. Means of Communication

#### (a) Quarterly Results:

The unaudited quarterly results are announced within 45 days from the end of the quarter and the audited annual results within 60 days from the end of the last quarter, as stipulated under the Listing Agreement with the Bombay Stock Exchange Limited.

#### (b) Newspapers wherein results normally published:

Business Standard (in English) and in Sakal (in Marathi)

#### (c) Any Website, where displayed: [www.cravatex.com](http://www.cravatex.com)

#### (d) Whether Website also displays official news releases: No

#### (e) Whether presentations made to institutional investors or to the analysts: No

#### (f) Management Discussion & Analysis Report:

The Management Discussion & Analysis Report forms part of the Annual Report.

### 8. General Shareholder Information

#### (a) Annual General Meeting will be held on Friday, August 14, 2015 at 11.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025.

#### (b) Financial Year:

Annual General Meeting	:	August 14, 2015
Results for quarter ending June 30, 2015	:	Second week of August, 2015
Results for quarter ending September 30, 2015	:	Second week of November, 2015
Results for quarter ending December 31, 2015	:	Second week of February, 2016
Results for the year ending March 31, 2016	:	Before May 30, 2016

#### (c) Date of Book Closure : August 08, 2015 to August 14, 2015 (both days inclusive)

#### (d) Dividend Payment Date : Before August 31, 2015

#### (e) Listing on Stock Exchange : Company's shares are listed on the Bombay Stock Exchange Ltd.

#### (f) Stock Code : 509472

SYMBOL : CRAVATEX

Demat ISIN : INE145E01017

#### (g) Market Price Data : High: Rs.620.00 (28/10/2014)

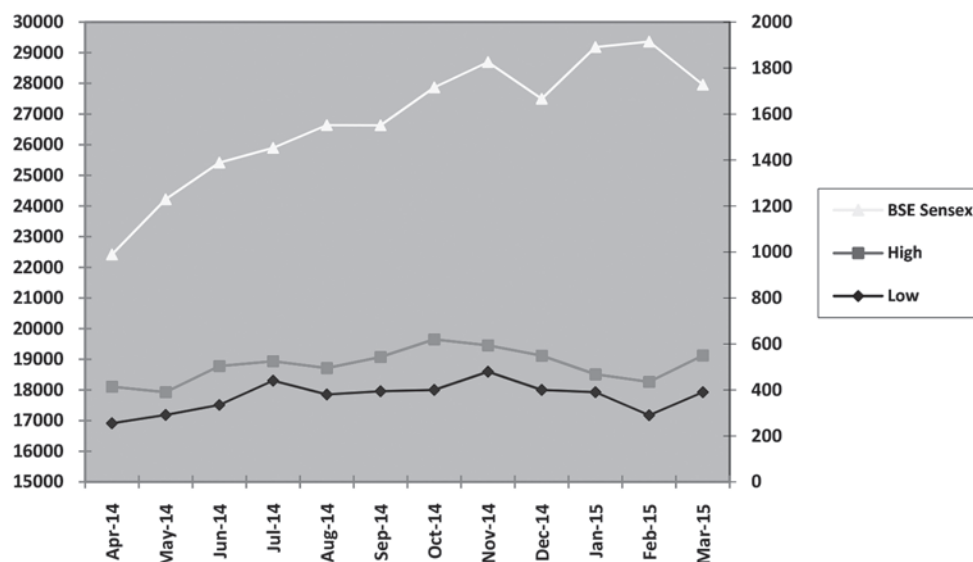
(during Financial Year 2014-15) Low: Rs.255.00 (11/04/2014)

## REPORT ON CORPORATE GOVERNANCE

High, Low and Number of Shares Traded during each month in the financial year 2014-15 on the Bombay Stock Exchange Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr 14	413.85	255.05	31,332	1,222	1,06,13,801
May 14	390.15	291.15	26,285	1,269	92,49,126
Jun 14	503.95	335.00	46,846	1,814	2,01,82,233
Jul 14	525.00	440.00	19,392	991	95,31,398
Aug 14	495.00	380.20	29,990	995	1,28,54,605
Sep 14	543.00	394.15	33,743	1,505	1,58,19,009
Oct 14	620.00	399.95	32,412	1,731	1,74,39,580
Nov 14	594.00	479.00	8,530	665	45,12,070
Dec 14	549.00	400.00	58,945	3,018	2,76,59,169
Jan 15	468.00	390.00	12,781	923	53,63,124
Feb 15	435.00	290.00	19,070	1,129	65,57,388
Mar 15	550.00	390.00	1,38,883	6,115	6,96,60,155

(h) Stock Performance:



(i) Registrars & Share Transfer Agents:

M/s. Sharepro Services (India) Pvt. Ltd.

*Registered Office:*

13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072.

Tel Nos. 022-67720300, 67720400 & 67720316, Fax No. 022-28591568, 28508927.

Email : sharepro@shareproservices.com

## REPORT ON CORPORATE GOVERNANCE

*Investor Relation Centre:*

912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021,  
Tel. No. 022 – 2288 1469, 6613 4700, Fax No. 022-2282 5484.

## (j) Share Transfer System:

93.20% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. The share transfers received in physical form are processed and share certificates are returned within a period of 15 days from the date of receipt, subject to the transfer instruments being valid and complete in all respects. The Company has also offered the facility of transfer cum demat as per SEBI guidelines.

## (k) Distribution of Shareholding as on March 31, 2015:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Less than 500	2,217	94.50	1,96,448	7.60
501 to 1000	71	3.03	56,067	2.17
1001 to 2000	25	1.07	35,908	1.39
2001 to 3000	11	0.47	28,562	1.11
3001 to 4000	2	0.08	7,300	0.28
4001 to 5000	2	0.08	8,847	0.34
5001 to 10000	7	0.30	49,018	1.90
10001 and above	11	0.47	22,02,010	85.21
<b>Total</b>	<b>2,346</b>	<b>100.00</b>	<b>25,84,160</b>	<b>100.00</b>

## Shareholding Pattern as on March 31, 2015

Category	No. of Shares	% To Paid-up Capital	No. of Shares Held in Demat	% Demat
Promoters	19,38,120	75.00	19,38,120	75.00
Bodies Corporate	29,194	1.13	27,909	1.08
NRI*	8,161	0.32	8,161	0.32
Public	6,08,685	23.55	4,34,186	16.80
<b>Total Capital</b>	<b>25,84,160</b>	<b>100.00</b>	<b>24,08,376</b>	<b>93.20</b>

\* Total foreign shareholding in the company is 24,581 (0.95%) of which 16,420 (0.64%) is included in Indian Promoters.

## (l) Dematerialisation of shares and liquidity

Of the Company's total shareholding, 24,08,376 (93.20%) shares were held in dematerialised mode by the Members of the Company of which 22,65,606 (87.67%) shares were under National Securities Depository Limited (NSDL) and balance 1,42,770 (5.53%) shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2015.

## (m) Share Capital Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Practising Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and shares held in physical form as per the register of members vis-à-vis the total issued and listed capital. This audit is carried out every quarter and the report is submitted to the Bombay Stock Exchange Ltd.

## (n) In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules 2001, the Company has credited during the financial year ended March 31, 2015, a sum of Rs.96,079/- to the Investor Education and Protection Fund (IEPF). Upto the financial year ended March 31, 2015 an amount of Rs.7,33,343/- has been credited to the Investor Education &amp; Protection Fund.

**REPORT ON CORPORATE GOVERNANCE**

(o) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity  
None

(p) Plant Location  
None

(q) Address for Correspondence  
Sahas, 4<sup>th</sup> Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai-400 025  
Tel. No.: 022-6666 7474, Fax No.: 022-2431 3210  
E-mail : investors@cravatex.com

For and on behalf of the Board of Directors

**Rajesh Batra**  
*Chairman & Managing Director*

Place : Mumbai  
Dated : May 29, 2015

CIN : L93010MH1951PLC008546

***Registered Office:***

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.  
Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210  
E-mail: investors@cravatex.com  
Website: www.cravatex.com

## REPORT ON CORPORATE GOVERNANCE

### DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

This is to confirm that as provided under Clause 49(I)(D) of the Listing Agreement with Bombay Stock Exchange Limited, all Board of Directors and Senior Management of the Company have affirmed Compliance with the Code of Conduct for the Financial Year ended March 31, 2015.

For Cravatex Limited,

**Rajesh Batra**  
*Chairman & Managing Director*

Place : Mumbai

Dated : May 29, 2015

CIN : L93010MH1951PLC008546

***Registered Office:***

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210

E-mail: [investors@cravatex.com](mailto:investors@cravatex.com)

Website: [www.cravatex.com](http://www.cravatex.com)



**REPORT ON CORPORATE GOVERNANCE****COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of Cravatex Limited

We have examined the compliance of conditions of Corporate Governance by Cravatex Limited, for the year ended on 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause 49. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Hemanshu Kapadia & Associates

**Hemanshu Kapadia**  
*Proprietor*  
C.P. No. 2285

Place : Mumbai  
Dated : May 29, 2015

## AUDITORS' REPORT

### AUDITORS' REPORT

#### To the Members of Cravatex Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Cravatex Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

#### Other Matters

- (i) An amount of Rs.77,50,000 is due from a party with whom the Company had entered into a Contract of Engagement as a Consultant in an earlier year. The Contract was terminated with effect from 1 April 2007. The Company initiated Arbitration proceedings in the previous year and is hopeful of recovering this amount (refer to Note '1.25' to the financial statements). We are however unable to comment on the fate of this debt.

## AUDITORS' REPORT

- (ii) The management has changed the policy regarding accounting of expenditure incurred on premises taken on lease and treated as deferred revenue expenditure to treating such expenses as an item of fixed asset and shown as Leasehold Improvements in the Schedule of Fixed Assets (Refer to Note '1.24' on Notes on Financial Statements). There is no change in the profit for the year ended 31 March 2015 as a result of this change.

Our report is not qualified in respect of other matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us).
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account (and with the returns received from branches not visited by us).
  - d. In our opinion, aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of section 164(2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of the pending litigation on its financial statements. (Refer to Note '1.25' to the financial statements)
    - (ii) The Company has made provision, as required under any applicable law or accounting standards, for material foreseeable losses, if any, and as required on long- term contracts.
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S. P. CHOPRA & CO.**  
*Chartered Accountants*  
 Firm Registration No. 101911W

**Y. K. Shankardass**  
*Partner.*  
 Membership No. F-5106

Place : Mumbai  
 Dated : May 29, 2015

## AUDITORS' REPORT

### Annexure to the Auditors' Report

Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of even date to the Members of Cravatex Limited

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanations given to us, the procedures of physical verification of inventory followed by the management in our opinion, is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal on the Company in respect of the aforesaid deposits.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the product of the Company.
- (vii) (a) According to the records maintained by the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and any other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of income-tax or sales tax or wealth tax or service tax or customs duty or excise duty or value added tax which have not been deposited on account of any dispute.
- (c) According to the information and explanation given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 to 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year. The Company has no accumulated losses.
- (ix) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.

**AUDITORS' REPORT**

- (x) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) As per information and explanation given to us, the term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. P. CHOPRA & CO.**  
*Chartered Accountants*  
Firm Registration No. 101911W

**Y. K. Shankardass**  
*Partner.*  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2015

## BALANCE SHEET

### BALANCE SHEET AS AT 31 MARCH, 2015

	Note No.	2014-2015 Rupees	2013-2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds:			
Share Capital	1.1	2,58,41,600	2,58,41,600
Reserves and Surplus	1.2	39,10,68,040	37,83,68,800
		<b>41,69,09,640</b>	<b>40,42,10,400</b>
Non-current Liabilities:			
Long-term borrowings	1.3	13,00,04,254	16,31,16,691
Deferred tax liabilities (Net)	1.4	5,31,07,649	4,81,18,880
Other Long-term liabilities	1.5	3,84,09,400	3,75,59,400
		<b>22,15,21,303</b>	<b>24,87,94,971</b>
Current Liabilities:			
Short-term borrowings	1.6	53,40,13,249	50,88,85,125
Trade payables		27,09,73,290	26,16,60,955
Other current liabilities	1.7	5,80,73,500	5,98,60,760
Short-term provisions	1.8	74,19,647	1,29,02,578
		<b>87,04,79,686</b>	<b>84,33,09,418</b>
<b>TOTAL</b>		<b>1,50,89,10,629</b>	<b>1,49,63,14,789</b>
<b>ASSETS</b>			
Non-current Assets:			
Fixed Assets:	1.9		
Tangible assets		12,19,03,084	12,51,05,845
Intangible assets		16,21,69,196	16,11,51,299
		<b>28,40,72,280</b>	<b>28,62,57,144</b>
Non-current Investments	1.10	42,07,507	42,07,507
Long-term loans and advances	1.11(A)	—	1,66,28,146
Other non-current assets	1.11(B)	5,78,74,104	5,07,80,909
		<b>34,61,53,891</b>	<b>35,78,73,706</b>
Current Assets:			
Inventories	1.12	46,40,09,237	35,97,16,179
Trade receivables	1.13	65,38,56,795	69,50,59,808
Cash and cash equivalents	1.14	1,98,20,214	6,57,07,048
Short-term loans and advances	1.15 (A)	2,50,28,260	1,79,58,048
Other current assets	1.15 (B)	42,232	—
		<b>1,16,27,56,738</b>	<b>1,13,84,41,083</b>
<b>TOTAL</b>		<b>1,50,89,10,629</b>	<b>1,49,63,14,789</b>
Notes on Financial Statements	1		
Significant Accounting Policies	2		

As per our report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Membership No. 101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2015

For and on behalf of the Board

**Rajesh Batra**  
Chairman & Managing Director

**N. R. Mahalingam**  
Director

**Divakar Kamath**  
Chief Financial Officer

**Nabankur Gupta**  
Director

**Sudhanshu Namdeo**  
Company Secretary



## PROFIT AND LOSS STATEMENT

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

	Note No.	2014-2015 Rupees	2013-2014 Rupees
<b>INCOME</b>			
Revenue from operations	1.16	1,85,73,19,594	1,85,14,52,956
Other Income	1.17	2,66,40,736	4,25,37,714
<b>TOTAL REVENUE</b>		<b>1,88,39,60,330</b>	<b>1,89,39,90,670</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade		1,22,61,89,391	1,26,62,08,459
Change in Inventories of Stock-in-Trade	1.18	(10,42,93,058)	(10,22,18,918)
Employee benefits expense	1.19	19,52,57,334	19,69,15,954
Finance costs	1.20	9,54,76,644	7,52,84,776
Depreciation	1.9	3,59,03,459	2,72,97,684
Other expenses	1.21	40,50,47,897	37,34,81,020
<b>TOTAL EXPENSES</b>		<b>1,85,35,81,667</b>	<b>1,83,69,68,975</b>
<b>Profit before Tax</b>		<b>3,03,78,663</b>	<b>5,70,21,695</b>
Tax expense:			
Current Tax		(65,00,000)	(1,15,00,000)
MAT credit entitlements		39,00,000	35,00,000
Deferred Tax		(49,88,769)	(75,53,828)
Excess/(Short) provision of tax for earlier years		—	(2,78,957)
<b>Profit for the Year</b>		<b>2,27,89,894</b>	<b>4,11,88,910</b>
Basic and Diluted Earning per Equity Share (in Rs.)	1.22	8.82	15.94
Notes on Financial Statements	1		
Significant Accounting Policies	2		

As per our report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Membership No. 101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2015

For and on behalf of the Board

**Rajesh Batra**  
Chairman & Managing Director

**N. R. Mahalingam**  
Director

**Divakar Kamath**  
Chief Financial Officer

**Nabankur Gupta**  
Director

**Sudhanshu Namdeo**  
Company Secretary

## NOTES TO FINANCIAL STATEMENT

### NOTE '1' – NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

#### 1.1 — SHARE CAPITAL

##### Authorised:

	2014-2015 Rupees	2013-2014 Rupees
48,50,000 Equity shares of Rs.10 each	4,85,00,000	4,85,00,000
15,000 9.5% Redeemable Cumulative Preference shares of Rs. 100 each	15,00,000	15,00,000
<u>48,65,000</u>	<u>5,00,00,000</u>	<u>5,00,00,000</u>

##### Issued, Subscribed and fully paid-up:

12,92,080 Equity shares of Rs. 10 each	1,29,20,800	1,29,20,800
12,92,080 Equity shares of Rs. 10 each allotted as fully paid up by way of bonus shares	1,29,20,800	1,29,20,800
<u>25,84,160</u>	<u>2,58,41,600</u>	<u>2,58,41,600</u>

The details of Shareholders holding more than 5% shares:

Name of the Shareholders	As at 31.03.2015	As at 31.03.2014
R.B. Fitness & Trading Pvt. Ltd.		
No. of Shares Held	19,21,570	19,21,570
% Held	74.36	74.36

#### 1.2 — RESERVES AND SURPLUS

##### Capital Reserve:

(Subsidy received from Govt. of Karnataka)

Balance as per last Account	18,92,000	18,92,000
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##### Export Profit Reserve:

Balance as per last Account	1,68,000	1,68,000
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##### General Reserve:

Balance as per last Account	35,88,44,809	31,38,44,809
Add : Transfer from Profit and Loss Account	1,00,00,000	4,50,00,000
	<u>36,88,44,809</u>	<u>35,88,44,809</u>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

	2014-2015 Rupees	2013-2014 Rupees
<b>Profit and Loss Account:</b>		
Balance as per last Account	1,74,63,991	3,18,56,764
Add : Net profit after tax for the current year	2,27,89,894	4,11,88,910
Amount available for appropriation	4,02,53,885	7,30,45,674
Appropriations:		
Adjustment relating to Fixed Assets (Note 1.9a)	38,70,012	—
Proposed Dividend	51,68,320	90,44,560
Tax on Proposed Dividend	10,52,322	15,37,123
Amount transferred to General Reserve	1,00,00,000	4,50,00,000
Balance in Profit and Loss account	2,01,63,231	1,74,63,991
	39,10,68,040	37,83,68,800
<b>1.3 — LONG-TERM BORROWINGS</b>		
<b>Term Loan from Bank:</b>		
<b>Axis Bank Ltd.</b>		
(i) Term Loan:	6,87,32,510	9,29,96,247
secured as follows:		
Exclusive first charge of equitable mortgage of Company's property at Prabhadevi, Mumbai		
(ii) Term Loan:	3,77,46,744	4,50,41,610
secured as follows:		
(a) First charge on the lease rentals from Company's property at Nariman Point, Mumbai		
(b) Extension of first charge by way of equitable mortgage on the Company's property at Prabhadevi, Mumbai		
<b>Term Loan from others:</b>		
(secured by hypothecation of a car) —	—	1,38,834
	10,64,79,254	13,81,76,691
<b>Unsecured:</b>		
<b>Fixed Deposits:</b>		
From related parties	2,13,25,000	2,13,25,000
From others	22,00,000	36,15,000
	2,35,25,000	2,49,40,000
	13,00,04,254	16,31,16,691
<b>1.4 — DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred tax liabilities:</b>		
Depreciation on fixed assets	5,35,70,647	4,85,90,986
<b>Deferred tax assets:</b>		
Disallowances under the Income tax Act, 1961	4,62,998	4,72,106
	5,31,07,649	4,81,18,880

## NOTES TO FINANCIAL STATEMENT

### NOTES — Contd.

#### 1.5 — OTHER LONG-TERM LIABILITIES

##### Security deposits

	2014-2015 Rupees	2013-2014 Rupees
For rental of property	2,53,04,400	2,53,04,400
From Dealers and Distributors	1,31,05,000	1,22,55,000
	<b>3,84,09,400</b>	<b>3,75,59,400</b>

#### 1.6 — SHORT TERM BORROWINGS

##### From Bank:

(a) Axis Bank Ltd. – Cash Credit Account	32,42,94,959	27,40,38,373
(b) Axis Bank Ltd. – Working Capital Demand Loan	10,09,68,541	10,00,00,000
(c) Axis Bank Ltd. – LC Bill Discounting	74,21,394	2,77,24,585
(d) HDFC Bank Ltd. – Cash Credit Account	1,13,28,355	1,71,22,167
(e) HDFC Bank Ltd. – Working Capital Demand Loan	9,00,00,000	9,00,00,000

The above loans from Axis Bank Ltd. and HDFC Bank Ltd. have been secured by:

- (i) First pari-passu charge as follows:
  - (1) by way of hypothecation on entire current assets of the Company, (excluding lease rental from Company's property at Nariman Point, Mumbai) including stock and book debts, present and future
  - (2) by way of equitable mortgage of company's property at Nariman point, Mumbai
  - (3) by way of hypothecation on entire movable fixed assets of the Company, both present and future except vehicles
- (ii) Second pari-passu charge on Lease Rental from Property at Nariman Point, Mumbai

<b>53,40,13,249</b>	<b>50,88,85,125</b>
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#### 1.7 — OTHER CURRENT LIABILITIES

Unpaid dividends	10,61,267	9,40,866
Advances received against supplies and services	24,11,429	1,52,71,021
Other liabilities (includes statutory dues)	5,46,00,804	4,36,48,873
	<b>5,80,73,500</b>	<b>5,98,60,760</b>

#### 1.8 — SHORT TERM PROVISIONS

Proposed dividend	51,68,320	90,44,560
Provision for:		
Tax on proposed dividend	10,52,322	15,37,123
Gratuity obligation (Note '1.27')	11,99,005	23,20,895
	<b>74,19,647</b>	<b>1,29,02,578</b>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

## 1.9 — FIXED ASSETS

Amount in Rupees

PARTICULARS	GROSSBLOCKATCOST				DEPRECIATION (Note 2'e')				NETBLOCK	
	As at 01.04.2014	Additions	Sales/ Adjustments	As at 31.03.2015	Upto 31.03.2014	For the year	Adjusted	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>TangibleAssets:</b>										
Building	10,26,12,062	—	—	10,26,12,062	2,83,11,193	16,11,731	—	2,99,22,924	7,26,89,138	7,43,00,869
Spa / Fitness Equipment	1,39,07,940	36,73,816	—	1,75,81,756	1,39,07,937	1,99,607	3	1,41,07,547	34,74,209	3
Air-conditioning Plant & Units	91,58,862	17,47,914	—	1,09,06,776	33,21,680	6,47,225	2,47,998	42,16,903	66,89,873	58,37,182
Furniture, Fixtures & Fittings	3,87,20,104	59,44,213	—	4,46,64,317	1,64,55,926	66,39,683	4,19,298	2,35,14,907	2,11,49,410	2,22,64,178
Motor Vehicles	38,79,823	—	—	38,79,823	17,79,924	3,62,738	—	21,42,662	17,37,161	20,99,899
Electrical Fittings	82,59,763	23,25,757	—	1,05,85,520	26,24,496	11,17,304	1,45,184	38,86,984	66,98,536	56,35,267
Office Equipment	2,48,07,328	29,80,244	—	2,77,87,572	1,30,53,176	53,37,359	40,13,845	2,24,04,380	53,83,192	1,17,54,152
Leasehold Improvement (Note '1.24')	39,23,225	18,26,650	—	57,49,875	7,08,930	9,59,380	—	16,68,310	40,81,565	32,14,295
	20,52,69,107	1,84,98,594	—	22,37,67,701	8,01,63,262	1,68,75,027	48,26,328	10,18,64,617	12,19,03,084	12,51,05,845
<b>IntangibleAssets:</b>										
Licences & Franchise	3,63,51,000	—	—	3,63,51,000	3,54,89,766	—	(9,56,316)	3,45,33,450	18,17,550	8,61,234
Sublicense	18,31,88,645	—	—	18,31,88,645	2,28,98,580	1,72,72,072	—	4,01,70,652	14,30,17,993	16,02,90,065
Software	—	1,90,90,013	—	1,90,90,013	—	17,56,360	—	17,56,360	1,73,33,653	—
	21,95,39,645	1,90,90,013	—	23,86,29,658	5,83,88,346	1,90,28,432	(9,56,316)	7,64,60,462	16,21,69,196	16,11,51,299
Total	42,48,08,752	3,75,88,607	—	46,23,97,359	13,85,51,608	3,59,03,459	38,70,012	17,83,25,079	28,40,72,280	28,62,57,144
Total (Previous year)	41,37,45,948	1,10,62,804	—	42,48,08,752	11,12,53,924	2,72,97,684	—	13,85,51,608	28,62,57,144	—

## NOTE 1.9A

Consequent to the enactment of Companies Act, 2013 (the Act) and its applicability for accounting periods commencing on or after 1 April, 2014 the Company has re-worked depreciation with reference to the useful lives of fixed assets as prescribed in Schedule II to the Act. Accordingly the unamortised carrying value is being depreciated over the revised / remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April, 2014 have been adjusted in the opening balance of Profit and Loss Account amounting to Rs.38,70,012.

## 1.10 — NON-CURRENT INVESTMENTS

## (At cost, fully paid-up) – Unquoted

## In Government Securities

In National Savings Certificate

(National Savings Certificate is held in the name of an employee of the Company and is under lien of the sales tax authorities of Rajasthan)

In Ordinary shares of Subsidiary Company  
50000 ordinary shares of £1 each of  
BB(UK) Ltd

2014-2015  
Rupees2013-2014  
Rupees

23,000

23,000

41,84,507

41,84,507

42,07,507

42,07,507

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

## 1.11(A) — LONG TERM LOANS AND ADVANCES

Advances on Capital account	—	1,66,28,146
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## 1.11(B) — OTHER NON-CURRENT ASSETS

(Unsecured)

Advance to a Consultant (Note '1.25')	77,50,000	77,50,000
Security and other deposits	5,01,24,104	4,30,30,909
	<u>5,78,74,104</u>	<u>5,07,80,909</u>

## 1.12 — INVENTORIES

(At lower of cost or net realisable value and as valued and certified by the management)

Stock-in-trade	44,19,66,492	34,29,91,091
Stores and spares	2,20,42,745	1,67,25,088
	<u>46,40,09,237</u>	<u>35,97,16,179</u>

## 1.13 — TRADE RECEIVABLES

(Unsecured)

Debts outstanding for a period exceeding six months	9,09,14,297	12,71,48,817
Other debts	56,29,42,498	56,79,10,991
	<u>65,38,56,795</u>	<u>69,50,59,808</u>

## 1.14 — CASH AND CASH EQUIVALENTS

Balances with banks in:

Current accounts	1,71,77,364	6,43,20,266
Deposit account (earmarked against repayment of public deposits)	5,97,578	—
Unpaid dividend accounts	10,61,267	9,40,866
Cash and cheques on hand	9,84,005	4,45,916
	<u>1,98,20,214</u>	<u>6,57,07,048</u>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

**1.15A — SHORT-TERM LOANS AND ADVANCES**

(Unsecured, considered good)

	2014-2015 Rupees	2013-2014 Rupees
Advances to others	20,01,758	30,89,988
Prepaid expenses	48,89,223	38,76,230
Advance Wealth tax and Income taxes (Net) [Note '1.23' (ii a and ii b)]	88,54,194	48,46,709
MAT Credit Entitlements	74,00,000	35,00,000
Refund receivable from Customs authorities	5,33,085	12,95,121
Advance with Customs authorities [Note '1.23' (ii c)]	13,50,000	13,50,000
	<u>2,50,28,260</u>	<u>1,79,58,048</u>

**1.15B — OTHER CURRENT ASSETS**

Interest Receivable

	42,232	—
	<u>42,232</u>	<u>—</u>

**1.16 — REVENUE FROM OPERATIONS**

Sale of products	1,80,70,62,483	1,82,14,93,380
Sale of services	5,02,57,111	2,99,59,576
(Sales of products and services are reported net of trade and turnover discounts to dealers and commission on consignment sales)		
	<u>1,85,73,19,594</u>	<u>1,85,14,52,956</u>

**1.17 — OTHER INCOME**

Interest Income	13,36,336	10,97,101
Licence fees (Rental income)	2,53,04,400	4,14,07,200
Excess provision of earlier years	—	33,413
	<u>2,66,40,736</u>	<u>4,25,37,714</u>

**1.18 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE**

Opening stock		
Stock-in-trade	34,29,91,091	24,21,07,214
Stores and spares	1,67,25,088	1,53,90,047
	<u>35,97,16,179</u>	<u>25,74,97,261</u>
Closing stock		
Stock-in-trade	44,19,66,492	34,29,91,091
Stores and spares	2,20,42,745	1,67,25,088
	<u>46,40,09,237</u>	<u>35,97,16,179</u>
Increase in stock	<u>(10,42,93,058)</u>	<u>(10,22,18,918)</u>

**1.19 — EMPLOYEES BENEFITS EXPENSE**

Salaries and wages (including bonus and gratuity)	17,57,01,137	17,82,19,870
Contributions to:		
Provident, Family Pension and other Funds	98,56,400	92,19,904
Employees State Insurance Scheme	10,13,893	11,23,245
Superannuation Scheme	8,96,800	8,96,800
Staff Welfare Expenses	77,89,104	74,56,135
	<u>19,52,57,334</u>	<u>19,69,15,954</u>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

## 1.20 — FINANCE COSTS

	2014-2015 Rupees	2013-2014 Rupees
Interest expense (Bank loans and Fixed Deposits)	7,62,60,413	6,21,15,410
Other finance costs	1,92,16,231	1,31,69,366
	<u>9,54,76,644</u>	<u>7,52,84,776</u>

## 1.21 — OTHER EXPENSES

Stores, spares and packing materials consumed	58,85,696	60,48,641
Power, fuel and water	98,14,514	1,04,23,106
Service charges	2,30,08,047	1,73,83,871
Rent	9,77,37,872	9,96,35,538
Insurance	26,65,995	12,85,833
Rates and taxes	15,59,301	11,06,306
Printing and stationery	33,25,044	35,87,784
Communications	82,04,022	85,46,999
Repairs to Buildings	2,65,180	5,14,328
Repairs – Others (Note '1.24')	1,19,10,117	67,53,769
Advertisement and publicity	5,75,07,045	5,14,10,375
Sublicence fee	5,75,76,604	5,61,45,731
Travelling and conveyance	3,61,31,660	3,35,51,392
Commission and brokerage	20,74,893	24,52,504
Transportation and octroi charges	5,50,22,694	5,09,57,130
Professional, Legal and Consultancy charges (Note '1.28b')	1,77,85,476	85,92,152
Directors' fees	7,70,000	7,20,000
Auditors' remuneration (Note '1.29')	6,34,837	6,16,295
Other expenses	99,98,375	1,06,64,588
Sales Tax paid	12,13,817	11,63,324
Corporate Social Responsibility	18,91,344	—
Bad debts written off	65,364	9,16,413
Prior period expenses	—	10,04,941
	<u>40,50,47,897</u>	<u>37,34,81,020</u>

## 1.22 — BASIC AND DILUTED EARNINGS PER EQUITY SHARE

Net profit after Taxation (in Rs.)	2,27,89,894	4,11,88,910
Weighted average number of equity shares	25,84,160	25,84,160
Earning per equity share (in Rs.)	8.82	15.94
Face value per equity share (in Rs.)	10	10



## NOTES TO FINANCIAL STATEMENT

### NOTES — Contd.

#### 1.23 — CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Claims against the Company not acknowledged as debt:

Labour claim of an earlier year disputed by the Company against which Rs.1,75,000 has been deposited with The High Court, Mumbai.

(i) Guarantees and Letters of Credit:

- (a) Outstanding against Indemnity of default loss given to the Axis Bank Ltd to the extent of Rs.10 crores on account of factoring of trade receivable from reputed identified customers of the Company is Rs.8,96,00,012 (Previous year Rs.Nil) as on 31 March, 2015.
- (b) Bank guarantees given to the extent of Rs.1,30,70,052 (Previous year Rs.1,39,23,472)
- (c) Letters of Credit outstanding to the extent of Rs.11,15,93,267 (Previous year Rs.11,10,39,818)
- (d) Standby LC limit of the amount of 3.98 crore (previous year Rs.4.29 crore) from Axis Bank Ltd in favour of HSBC Bank Plc, UK on behalf of the subsidiary company BB (UK) Ltd for working capital facilities of the subsidiary company.

(ii) Other money for which the Company is contingently liable:

- (a) Demands for Wealth Tax for the assessment years 1997-98 & 1998-99 amounting to Rs.51,25,378 was raised by the Tax authorities in earlier years which had been disputed by the Company and appeals filed with the Hon. High Court, Mumbai. The Company however deposited the demanded amounts in full with the tax authorities.
- (b) For the assessment years 2000-2001, 2002-2003 and 2003-2004 the Income-tax Appellate Tribunal had given relief of Rs.8,74,254 which had been accounted for in an earlier year. The tax authorities had subsequently filed an appeal with the Hon. High Court, Bombay against the relief of Rs.8,74,254. The matter was set aside by Hon. High Court, in an earlier year and the matter was restored to the Tribunal court for disposal. The matter is still pending with the tax authorities.
- (c) Demand of Rs.13,50,000 raised in an earlier year by the customs authorities for goods imported had been disputed by the Company against which the full amount had been deposited under protest. The matter is still pending with the Customs authorities.
- (d) Bond for Rs.1.20 crore executed with the Customs authorities for demand raised by the authorities in an earlier year which had been disputed and challenged by the Company. This Bond is to remain in force till finalisation of the value by the Customs authorities of the goods imported by the Company.
- (e) Demand of Rs.38,31,386 (Previous year Rs. 38,31,386) raised by the New Maker Chambers IV Premises Co-operative Society Ltd, Mumbai for the difference in BMC tax from 01.04.2000 to 31.03.2015, which has been disputed by the Company. However net liability of the Company against this demand is Rs.15,66,683.

#### 1.24 LEASEHOLD IMPROVEMENT

The Management had decided in the previous year that renovation expenditure incurred on premises taken on lease is to be written off over the period of five years in equal installments. Accordingly, one-fifth of the expenditure incurred in the previous year was charged as repairs in the Profit and Loss Account and the balance treated as deferred revenue expenditure. The management has however now adopted the policy to treating such expenditure on leasehold improvement as a fixed assets to be amortized/depreciated over a period of five years in equal installments.

Accordingly the following adjustments have been made in the accounts:

Fixed Assets (Tangible Assets) : (Note '1.9' on Notes on Financial Statements)

Leasehold Improvement

Cost:

Rs.18,26,650 in the current year

Rs.39,23,225 in the previous year and adjusted in the balance as at 01.04.2014

**TOTAL** Rs.57,49,875

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

Depreciation:

Rs.9,59,380 for the current year

Rs.7,08,930 of the previous year and adjusted for the period upto 31.03.2014

Previous year figures in the Schedule of fixed assets, in respect of gross block and depreciation for the period upto 31.03.2014, in the Balance Sheet in respect of deferred revenue expenditure and in the Profit and Loss Account in respect of Repairs-others have been regrouped/recast/reclassified accordingly.

## 1.25 — OTHER COMMITMENTS

An amount of Rs.1,55,00,000 was due from a third party in terms of Contract of Engagement with this party as a Consultant against which provision for doubtful debt of Rs.77,50,000 was made and subsequently written off in an earlier year. Though the Contract had been terminated with effect from 1 April 2007, inspite of all assurances given to the Company by this party for clearing this debt, the party has not paid any amount so far against these dues. The Company had initiated an Arbitration proceeding invoking Arbitration in the previous year as per the Contract of Engagement referred to above. The Arbitration proceeding is still in process.

## 1.26 — OPERATING LEASE:

The Company has taken certain premises on operating lease, the minimum future lease rentals payable on which are as follows:

Period	Minimum Lease Payment	Maximum Lease Payment
	2014-2015 Rupees	2013-2014 Rupees
Not later than 1 year	8,58,44,472	8,24,22,365
Later than 1 year but not later than 5 years	21,98,96,780	22,80,13,148
Later than 5 years	10,31,41,243	11,58,46,395

## 1.27 — GRATUITY OBLIGATION

	2014-2015 Rupees	2013-2014 Rupees
(i) Profit and Loss Account		
Current Services cost	22,98,113	20,30,857
Interest Cost	12,25,302	9,18,623
Expected return on plan assets	(12,36,423)	(10,46,540)
Net Actuarial (gain)/Loss recognized in the year	(14,91,592)	2,20,986
Expenses recognized in statement of Profit and Loss	7,95,400	21,23,926
(ii) Balance sheet		
Present value of obligations as at the end of the year	1,62,19,203	1,60,88,972
Fair value of plan assets as at the end of the year	1,50,20,198	1,37,68,077
Net Asset/(Liability) recognized in Balance Sheet	(11,99,005)	(23,20,895)
(iii) Change in the fair value of plan assets		
Fair value of plan assets at the beginning of year	1,37,68,077	1,10,32,676
Expected return on plan assets	12,36,423	10,46,540
Contribution	72,467	19,77,241
Benefits paid	(56,769)	2,88,380
Actuarial (gain)/loss on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	1,50,20,198	1,37,68,077

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

	2014-2015 Rupees	2013-2014 Rupees
(iv) Change in present value of obligations		
Present value of obligations as at the beginning of year	1,42,44,149	1,32,06,886
Current Service Cost	22,98,113	20,30,857
Interest cost	12,25,302	9,18,623
Benefits Paid	(56,769)	(2,88,380)
Acturial (gain)/loss on obligations	(14,91,592)	2,20,986
Present value of obligations as at the end of year	1,62,19,203	1,60,88,972
<b>1.28 — PARTICULARS OF DIRECTORS' REMUNERATION</b>		
(a) Wholetime Directors		
Salary, bonus and allowances	18,56,132	30,61,500
	18,56,132	30,61,500
(b) Professional, Legal and Consultancy charges include Rs. 6,74,160 (2013-14 – Rs. 6,74,160) paid as consultancy charges to a Non-Wholetime Director.		
<b>1.29 — PARTICULARS OF AUDITORS' REMUNERATION</b>		
Audit fee	3,00,000	3,00,000
Tax Audit fee	65,000	35,000
Certification charges and fee	2,00,000	1,73,500
Service tax on fees	69,837	62,851
Branch Audit fee:		
Audit fee	—	30,000
Tax Audit fee	—	10,000
Service tax on fees	—	4,944
	6,34,837	6,16,295
<b>1.30 — PARTICULARS OF GOODS TRADED IN AND SERVICES RENDERED</b>		
	<b>Purchases Rupees</b>	<b>Sales and Services Rupees</b>
(a) Sports goods	78,71,97,042	1,23,79,32,861
	(93,18,48,411)	(1,26,35,77,081)
(b) Fitness equipment	43,36,74,692	56,91,29,622
	(32,48,64,712)	(55,79,16,299)
(c) Services	53,17,657	5,02,57,111
	(94,95,336)	(2,99,59,576)
	1,22,61,89,391	1,85,73,19,594
	(1,26,62,08,459)	(1,85,14,52,956)

(Previous year figures are in brackets)

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

## 1.31 — FOREIGN CURRENCY TRANSACTIONS

CIF value of imports:

Goods trade in

Expenditure in foreign currency (on payments basis):

Sublicense fee

Travelling expenses

Professional fees

Earnings in foreign exchange (on receipts basis):

FOB value of goods

2014-2015 Rupees	2013-2014 Rupees
61,51,38,495	78,90,37,333
6,21,59,355	3,40,29,088
43,46,915	45,26,965
—	20,55,624
3,86,66,365	14,00,34,178

## 1.32 — RELATED PARTY TRANSACTIONS

As per Accounting Standard 18, the disclosure of transactions with the related parties are given below:

(a) Names of the related parties:

Relationship:

M/s. Proline India Ltd

Associated Company

M/s. Proline Exports Pvt Ltd

Associated Company

M/s. Big Time Exports

Associate Firm

Mr. Rajesh Batra

Managing Director

Mr. Rajiv Batra

Director

Mrs. Jamna Batra

Shareholder

Mrs. Prathima Batra

Shareholder

Mrs. Raj Batra

Shareholder

Ms. Divya Batra

Shareholder

Mr. Rohan Batra

Shareholder

Mrs. Sujaya Batra

Shareholder

(b) Details of transactions with related parties.

Particulars of transaction	Transactions	
	2014-2015 Rupees	2013-2014 Rupees
ICD taken and repaid	6,25,00,000	—
Interest paid	52,79,040	20,58,883
Director Remuneration	18,56,132	30,61,500
Commission paid	—	22,06,004
Commission received	5,90,570	—

1.33 — Previous years figures have been regrouped / reclassified wherever necessary to confirm to the current year presentation.

## 1.34 — SEGMENT REPORTING

As per Accounting Standard (AS) 17 on "Segment Reporting" the Company, has identified geographical segment as primary segment. The geographical segment consist of (a) Fitness/ Sports Goods/Readymade Garments (Domestic) (b) Readymade Garments/Sports Goods (International)

## NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

## Details of Primary Segment:

Sl. No.	Particulars	Year ended 31st March, 2015 Rupees	Year ended 31st March, 2014 Rupees
1	Segment Revenue: External Sales and Services – International – Domestic – Others <b>Total Segment Revenue</b>	  2,56,67,334 1,83,16,56,034 2,66,36,962 <hr/> 1,88,39,60,330	  10,92,52,989 1,74,22,36,947 4,25,00,734 <hr/> 1,89,39,90,670
2	Segment Results: (Before Tax and interest) – International – Domestic – Others  Operating Profit Less: Interest Expense  Profit after interest Less: Income Tax (Net) Add: Others <b>Net Profit</b>	  (32,37,515) 12,54,23,409 36,69,413 <hr/> 12,58,55,307 9,54,76,644 <hr/> 3,03,78,663 75,88,769 — <hr/> 2,27,89,894	  80,23,275 10,31,38,349 2,11,44,847 <hr/> 13,23,06,471 7,52,84,776 <hr/> 5,70,21,695 1,58,32,785 — <hr/> 4,11,88,910
3	Other informations: Segment Assets: – International – Domestic – Others Unallocable assets <b>Total Assets</b>	  10,17,432 1,38,37,64,282 11,52,74,720 88,54,194 <hr/> 1,50,89,10,628	  74,24,617 1,39,12,18,288 9,65,14,802 48,46,709 <hr/> 1,50,00,04,416
4	Segment Liabilities: – International – Domestic – Others Unallocable corporate liabilities <b>Total Liability</b>	  18,25,267 94,47,87,200 7,87,78,320 6,66,10,200 <hr/> 1,09,20,00,987	  34,28,253 94,02,04,240 9,25,20,094 5,96,41,429 <hr/> 1,09,57,94,016
5	Capital Expenditures (Addition to Fixed Asset): – International – Domestic – Others <b>Total Addition to Fixed Assets</b>	  55,500 3,61,99,387 13,33,720 <hr/> 3,75,88,607	  — 1,05,57,026 5,05,778 <hr/> 1,10,62,804
6	Depreciation: – International – Domestic – Others <b>Total Depreciation</b>	  32,775 3,44,64,553 14,06,131 <hr/> 3,59,03,459	  6,865 2,50,87,876 22,02,943 <hr/> 2,72,97,684

## NOTES TO FINANCIAL STATEMENT

### NOTE '2' — SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

The financial statements which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) rules, 2006, to the extent applicable.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed Assets and depreciation:

- (i) Fixed Assets are stated at cost less accumulated depreciation.
- (ii) Depreciation is provided in the manner as specified in Schedule II of the Companies Act, 2013, except in respect of the following assets which are amortised on a straight line basis over a period which is management's estimate of the useful life of such assets:

*Tangible Asset:*

- (a) In the case of Spa / Fitness Equipment and Leasehold Improvement, which are depreciated over a period of 5 years

*Intangible Asset:*

- (a) In the case of Sublicense, amortized over this period of 15 years.
- (b) In the case of Software, which are depreciated over a period of 10 years

(d) Investments are stated at the cost of acquisition.

(e) Inventories

Stock-in-trade and spares - At cost or net realisable value whichever is lower, cost being the actual purchase price and other costs that are necessary to bring the inventories to the present location and condition.

(f) Foreign Exchange Transactions

Transactions in foreign currency are recorded at the prevailing exchange rate on the date of negotiation of bills. Current assets and current liabilities in foreign currency are stated at the exchange rate prevailing as on 31 March, 2015 and the difference is recognised in the Statement of Profit and Loss . Where the Company has entered into forward exchange contract the liability is recorded at the contract rate. The difference between the contracted rate and the rate at the date of transaction, except for the fixed assets, is recognised in the Statement of Profit and Loss over the period of the contract.

(g) Employee Benefits:

- (i) Provision for Gratuity has been accounted as per the actuarial valuation done by Life Insurance Corporation of India (LIC) in accordance with Accounting Standard on Employee Benefits.(AS-15 revised) and with corresponding payment to LIC.
- (ii) Amount payable on account of leave encashment is on actual basis.

(h) Leases:

- (i) Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments.
- (ii) Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

(i) Taxation

Provision for Income-tax comprises current tax based on the liability computed after considering tax allowances and exemptions. Deferred tax recognised, subject to consideration of prudence in respect of deferred tax assets, at the rate of income tax prevailing on the balance sheet date on timing difference, being the difference between the taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

## CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

	2014-2015 Rupees	2013-2014 Rupees
<b>A Cash flow from operating activities</b>		
Net profit before taxation and extraordinary item	3,03,78,663	5,70,21,695
Adjustments for:		
Depreciation	3,59,03,459	2,72,97,684
Interest income	(13,36,336)	(10,97,101)
Interest expenses	9,54,76,644	7,52,84,776
Operating profit before working capital changes	16,04,22,430	15,85,07,054
Adjustments for:		
(Increase)/Decrease in Trade Receivables	4,12,03,013	(21,71,62,218)
(Increase)/Decrease in Inventories	(10,42,93,058)	(10,22,18,918)
(Increase)/Decrease in Loans & Advances	64,72,221	(1,54,54,585)
Increase/(Decrease) in Other Long-term Liabilities	8,50,000	(1,41,48,360)
Increase/(Decrease) in Current Liabilities	80,83,122	10,24,24,297
Cash generated from operations	11,27,37,728	(8,80,52,730)
Interest paid	(9,72,76,981)	(7,36,58,887)
Direct taxes paid (Net of refunds) (including deferred tax)	(81,44,608)	(1,15,57,260)
Net cash from operating activities	73,16,139	(17,32,68,877)
<b>B Cash flow from investing activities</b>		
Additions to Fixed assets	(3,75,88,607)	(1,10,62,804)
Interest received	12,94,104	11,01,556
Net cash from/(used in) investing activities	(3,62,94,503)	(99,61,248)
<b>C Cash flow from financing activities</b>		
Long Term Borrowings	(3,31,12,437)	2,65,79,324
Short Term Borrowings	2,51,28,125	18,46,58,992
Dividend paid	(89,24,158)	(89,35,505)
Net cash from/(used in) financing activities	(1,69,08,470)	20,23,02,811
Net cash flows during the year (A+B+C)	(4,58,86,834)	1,90,72,686
Cash and cash equivalents (opening balance)	6,57,07,048	4,66,34,362
Cash and cash equivalents (closing balance)	1,98,20,214	6,57,07,048

As per our report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Membership No. 101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2015

For and on behalf of the Board

**Rajesh Batra**  
Chairman & Managing Director

**N. R. Mahalingam**  
Director

**Divakar Kamath**  
Chief Financial Officer

**Nabankur Gupta**  
Director

**Sudhanshu Namdeo**  
Company Secretary

## SECTION 129(3) STATEMENT

## Form AOC-I

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries companies.

(For the Financial Year 2014-15)

## Part "A": Subsidiaries

	Amount in Rs
1. Name of the subsidiary	BB (UK) Ltd.
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as Holding
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	(GBP) 92.4591
4. Share Capital	41,84,507
5. Reserves & Surplus	21,240,636
6. Total Assets	130,081,538
7. Total Liabilities	104,656,397
8. Investments	NIL
9. Turnover	468,245,428
10. Profit before Taxation	28,80,785
11. Provision for Taxation	18,14,602
12. Profit after Taxation	10,66,183
13. Proposed Dividend	—
14. % of Shareholding	100%
1. Names of subsidiaries which are yet to commence operations	NIL
2. Names of subsidiaries which have been liquidated or sold during the year.	NIL

Place : Mumbai

Dated : May 29, 2015



**CONSOLIDATED AUDITORS' REPORT****AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS****To the Board of Directors Cravatex Limited**

We have audited the accompanying consolidated financial statements of Cravatex Limited ("the Company"), which comprise the consolidated Balance Sheet as at 31 March 2015, and the consolidated Statement of Profit and Loss for the year then ended.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the financial statements of the subsidiary as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company as at 31 March 2015 and its consolidated profit for the year ended on that date.

**Other Matters**

We did not audit the financial statements of the subsidiary BB (UK) Limited included in the consolidated financial statements, whose financial statements reflect total assets of Rs.131,786,393 as at 31 March 2015 and total revenue of Rs.468,245,428 for the year ended then. These financial statements have been audited by the other auditor whose report has been furnished to us by the Management. Our opinion so far it relates to the affairs of such subsidiary is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 101911W

Place : Mumbai  
Dated : May 29, 2015

**Y. K. Shankardass**  
Partner.  
Membership No. F-5106

## CONSOLIDATED BALANCE SHEET

### CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015

	Note No.	2014-2015 Rupees	2013-2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds:			
Share Capital	1.1	2,58,41,600	2,58,41,600
Reserves and Surplus	1.2	41,23,08,674	39,85,43,252
		<u>43,81,50,274</u>	<u>42,43,84,852</u>
Non-current Liabilities:			
Long-term borrowings	1.3	13,00,04,254	16,31,16,691
Deferred tax liabilities (Net)	1.4	5,37,19,913	4,87,80,085
Other Long-term liabilities	1.5	3,84,09,400	3,75,59,400
		<u>22,21,33,567</u>	<u>24,94,56,176</u>
Current Liabilities:			
Short-term borrowings	1.6	53,40,13,249	50,88,85,125
Trade payables		27,09,73,290	26,16,60,955
Other current liabilities	1.7	16,21,17,633	14,47,38,881
Short-term provisions	1.8	74,19,647	1,29,02,578
		<u>97,45,23,819</u>	<u>92,81,87,539</u>
<b>TOTAL</b>		<u><b>1,63,48,07,660</b></u>	<u><b>1,60,20,28,567</b></u>
<b>ASSETS</b>			
Non-current Assets:			
Fixed Assets:	1.9		
Tangible assets		12,51,68,647	12,81,79,621
Intangible assets		16,35,41,012	16,31,26,528
		<u>28,87,09,659</u>	<u>29,13,06,149</u>
Non-current Investments	1.10	23,000	23,000
Long-term loans and advances	1.11(A)	—	1,66,28,146
Other non-current assets	1.11(B)	5,78,74,104	5,07,80,909
		<u>34,66,06,763</u>	<u>35,87,38,204</u>
Current Assets:			
Inventories	1.12	48,56,83,130	37,29,61,854
Trade receivables	1.13	72,91,75,086	75,60,96,693
Cash and cash equivalents	1.14	4,45,33,050	8,02,42,283
Short-term loans and advances	1.15(A)	2,87,67,399	3,39,89,533
Other current assets	1.15(B)	42,232	—
		<u>1,28,82,00,897</u>	<u>1,24,32,90,363</u>
<b>TOTAL</b>		<u><b>1,63,48,07,660</b></u>	<u><b>1,60,20,28,567</b></u>
Notes on Financial Statements	1		
Significant Accounting Policies	2		

As per our report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Membership No. 101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2015

For and on behalf of the Board

**Rajesh Batra**  
Chairman & Managing Director

**N. R. Mahalingam**  
Director

**Divakar Kamath**  
Chief Financial Officer

**Nabankur Gupta**  
Director

**Sudhanshu Namdeo**  
Company Secretary

## CONSOLIDATED PROFIT AND LOSS STATEMENT

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

	Note No.	2014-2015 Rupees	2013-2014 Rupees
<b>INCOME</b>			
Revenue from operations	1.16	2,32,55,65,022	2,43,81,43,122
Other Income	1.17	2,66,40,736	4,25,37,714
<b>TOTAL REVENUE</b>		<b>2,35,22,05,758</b>	<b>2,48,06,80,836</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade		1,54,16,34,137	1,61,30,22,761
Change in Inventories of Stock-in-Trade	1.18	(11,27,21,276)	(4,80,57,194)
Employee benefits expense	1.19	24,45,56,619	24,21,89,152
Finance costs	1.20	10,03,90,936	7,89,26,298
Depreciation	1.9	3,73,28,346	3,07,02,962
Other expenses	1.21	50,77,57,549	49,71,88,091
<b>TOTAL EXPENSES</b>		<b>2,31,89,46,311</b>	<b>2,41,39,72,070</b>
<b>Profit before Tax</b>		<b>3,32,59,447</b>	<b>6,67,08,766</b>
Tax expense:			
Current Tax		(82,04,853)	(1,43,27,846)
MAT credit entitlements		39,00,000	35,00,000
Deferred Tax		(49,88,769)	(71,00,410)
Excess/(Short) provision of tax for earlier years		(1,09,749)	(21,743)
<b>Profit for the year</b>		<b>2,38,56,076</b>	<b>4,87,58,767</b>
Basic and Diluted Earnings per equity share (in Rs.)	1.22	<b>9.23</b>	18.87
Notes on Financial Statement	1		
Significant Accounting Policies	2		

As per our report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Membership No. 101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2015

For and on behalf of the Board

**Rajesh Batra**  
Chairman & Managing Director

**N. R. Mahalingam**  
Director

**Divakar Kamath**  
Chief Financial Officer

**Nabankur Gupta**  
Director

**Sudhanshu Namdeo**  
Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### NOTE '1' — NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

#### 1.1 — SHARE CAPITAL

##### Authorised:

	2014-2015 Rupees	2013-2014 Rupees
4850000 Equity shares of Rs.10 each	4,85,00,000	4,85,00,000
15000 9.5% Redeemable Cumulative Preference shares of Rs. 100 each	15,00,000	15,00,000
<u>4865000</u>	<u>5,00,00,000</u>	<u>5,00,00,000</u>

##### Issued, Subscribed and fully paid-up:

1292080 Equity shares of Rs. 10 each	1,29,20,800	1,29,20,800
1292080 Equity shares of Rs. 10 each allotted as fully paid up by way of bonus shares	1,29,20,800	1,29,20,800
<u>2584160</u>	<u>2,58,41,600</u>	<u>2,58,41,600</u>

#### 1.2 — RESERVES AND SURPLUS

##### Capital Reserve:

(Subsidy received from Govt. of Karnataka)  
Balance as per last Account

18,92,000 18,92,000

##### Export Profit Reserve:

Balance as per last Account

1,68,000 1,68,000

##### General Reserve:

Balance as per last Account

37,24,75,923 32,74,75,923

Add : Transfer from Profit and Loss Account

1,00,00,000 4,50,00,000

38,24,75,923 37,24,75,923

##### Profit and Loss Account:

Balance as per last Account

2,40,07,329 3,08,30,245

Add : Net profit after tax for the current year

2,38,56,076 4,87,58,767

Amount available for appropriation

4,78,63,405 7,95,89,012

##### Appropriations:

Adjustment relating to Fixed Assets

38,70,012 —

Proposed Dividend

51,68,320 90,44,560

Tax on Proposed Dividend

10,52,322 15,37,123

Amount transferred to General Reserve

1,00,00,000 4,50,00,000

Balance in Profit and Loss account

2,77,72,751 2,40,07,329

41,23,08,674 39,85,43,252

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

## 1.3 — LONG-TERM BORROWINGS

## Term Loan from Bank:

## Axis Bank Ltd.

## (i) Term Loan:

2014-2015  
Rupees2013-2014  
Rupees

6,87,32,510

9,29,96,247

Secured as follows:

Exclusive first charge of equitable mortgage of  
Company's property at Prabhadevi, Mumbai

## (ii) Term Loan:

3,77,46,744

4,50,41,610

Secured as follows:

(a) First charge on the lease rentals from Company's property  
at Nariman Point, Mumbai(b) Extension of first charge by way of equitable mortgage  
on the Company's property at Prabhadevi, Mumbai

## Term Loan from others:

(secured by hypothecation of a car)

—

1,38,834

10,64,79,254

13,81,76,691

## Unsecured:

## Fixed Deposits:

From related parties

2,13,25,000

2,13,25,000

From others

22,00,000

36,15,000

2,35,25,000

2,49,40,000

13,00,04,254

16,31,16,691

## 1.4 — DEFERRED TAX LIABILITIES (NET)

## Deferred tax liabilities:

Depreciation on fixed assets

5,41,82,911

4,92,52,191

## Deferred tax assets:

Disallowances under the Income tax Act, 1961

4,62,998

4,72,106

5,37,19,913

4,87,80,085

## 1.5 — OTHER LONG-TERM LIABILITIES

## Security deposits

For rental of property

2,53,04,400

2,53,04,400

From Dealers and Distributors

1,31,05,000

1,22,55,000

3,84,09,400

3,75,59,400

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

## 1.6 — SHORT TERM BORROWINGS

## From Banks:

	2014-2015 Rupees	2013-2014 Rupees
(a) Axis Bank Ltd. – Cash Credit Account	32,42,94,959	27,40,38,373
(b) Axis Bank Ltd. – Working Capital Demand Loan	10,09,68,541	10,00,00,000
(c) Axis Bank Ltd. – LC Bill Discounting	74,21,394	2,77,24,585
(d) HDFC Bank Ltd. – Cash Credit Account	1,13,28,355	1,71,22,167
(e) HDFC Bank Ltd. – Working Capital Demand Loan	9,00,00,000	9,00,00,000

The above loans from Axis Bank Ltd and HDFC Bank Ltd. have been secured by first pari-passu charge as follows:

- (1) by way of hypothecation on entire current assets of the Company, (excluding lease rental from Company's property at Nariman Point, Mumbai) including stock and book debts, present and future
- (2) by way of equitable mortgage of company's property at Nariman point, Mumbai
- (3) by way of hypothecation on entire movable fixed assets of the Company, both present and future except vehicles

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**53,40,13,249**


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50,88,85,125

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## 1.7 — OTHER CURRENT LIABILITIES

Unpaid dividends	10,61,267	9,40,866
Advances received against supplies and services	24,11,429	1,52,71,021
Other liabilities (includes statutory dues)	15,86,44,937	12,85,26,994
	<b>16,21,17,633</b>	<b>14,47,38,881</b>

## 1.8 — SHORT TERM PROVISIONS

Proposed dividend	51,68,320	90,44,560
Provision for:		
Tax on proposed dividend	10,52,322	15,37,123
Gratuity obligation	11,99,005	23,20,895
	<b>74,19,647</b>	<b>1,29,02,578</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

## 1.9 — FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2014	Additions	Sales/ Adjustments	As at 31.03.2015	Upto 31.03.2014	For the year	Adjusted	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>Tangible Assets:</b>										
Building	10,26,12,062	—	—	10,26,12,062	2,83,11,193	16,11,731	—	2,99,22,924	7,26,89,138	7,43,00,869
Spa / Fitness Equipment	1,39,07,940	36,73,816	—	1,75,81,756	1,39,07,937	1,99,607	3	1,41,07,547	34,74,209	3
Air-conditioning Plant & Units	91,58,862	17,47,914	—	1,09,06,776	33,21,680	6,47,225	2,47,998	42,16,903	66,89,873	58,37,182
Furniture, Fixtures & Fittings	4,81,43,258	71,03,677	—	5,52,46,935	2,28,05,304	76,07,360	4,19,298	3,08,31,962	2,44,14,973	2,53,37,954
Motor Vehicles	38,79,823	—	—	38,79,823	17,79,924	3,62,738	—	21,42,662	17,37,161	20,99,899
Electrical Fittings	82,59,763	23,25,757	—	1,05,85,520	26,24,496	11,17,304	1,45,184	38,86,984	66,98,536	56,35,267
Office Equipment	2,48,07,328	29,80,244	—	2,77,87,572	1,30,53,176	53,37,359	40,13,845	2,24,04,380	53,83,192	1,17,54,152
Leasehold Improvement	39,23,225	18,26,650	—	57,49,875	7,08,930	9,59,380	—	16,68,310	40,81,565	32,14,295
	21,46,92,261	1,96,58,058	—	23,43,50,319	8,65,12,640	1,78,42,704	48,26,328	10,91,81,672	12,51,68,647	12,81,79,621
<b>Intangible Assets:</b>										
Licences & Franchise	3,63,51,000	—	—	3,63,51,000	3,54,89,766	—	(9,56,316)	3,45,33,450	18,17,550	8,61,234
Sublicense	18,31,88,645	—	—	18,31,88,645	2,28,98,580	1,72,72,072	—	4,01,70,652	14,30,17,993	16,02,90,065
Website	24,68,986	—	1,46,203	23,22,783	4,93,757	4,57,210	—	9,50,967	13,71,816	19,75,229
Software	—	1,90,90,013	—	1,90,90,013	—	17,56,360	—	17,56,360	1,73,33,653	—
	22,20,08,631	1,90,90,013	1,46,203	24,09,52,441	5,88,82,103	1,94,85,642	(9,56,316)	7,74,11,429	16,35,41,012	16,31,26,528
<b>Total</b>	43,67,00,892	3,87,48,071	1,46,203	47,53,02,760	14,53,94,743	3,73,28,346	38,70,012	18,65,93,101	28,87,09,659	29,13,06,149
<b>Total (Previous year)</b>	42,34,33,526	1,32,67,366	—	43,67,00,892	11,46,91,781	3,07,02,962	—	14,53,94,743	29,13,06,149	—

## 1.10 — NON-CURRENT INVESTMENTS

(At cost, fully paid-up) – Unquoted

## In Government Securities

In National Savings Certificate

(National Savings Certificate is held in the name of an employee of the Company and is under lien of the sales tax authorities of Rajasthan)

2014-2015  
Rupees2013-2014  
Rupees

23,000

23,000

23,000

23,000

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

## 1.11(A) — LONG TERM LOANS AND ADVANCES

Advances on Capital account

2014-2015  
Rupees2013-2014  
Rupees

—

1,66,28,146

## 1.11(B) — OTHER NON-CURRENT ASSETS

(Unsecured)

Advance to a Consultant

77,50,000

77,50,000

Security and other deposits

5,01,24,104

4,30,30,909

5,78,74,104

5,07,80,909

## 1.12 — INVENTORIES

(At lower of cost or net realisable value and as valued and certified by the management)

Stock-in-trade

46,36,40,383

35,62,36,766

Stores and spares

2,20,42,745

1,67,25,088

48,56,83,128

37,29,61,854

## 1.13 — TRADE RECEIVABLES

(Unsecured, considered good)

Debts outstanding for a period exceeding six months

9,09,14,297

12,71,48,817

Other debts

63,82,60,789

62,89,47,876

72,91,75,086

75,60,96,693

## 1.14 — CASH AND CASH EQUIVALENTS

Balances with banks in:

Current accounts

4,17,96,816

7,87,55,651

Deposit account (earmarked against repayment of public deposits)

5,97,578

—

Unpaid dividend accounts

10,61,267

9,40,866

Cash and Cheques on hand

10,77,389

5,45,766

4,45,33,050

8,02,42,283



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

**1.15A — SHORT-TERM LOANS AND ADVANCES**

(Unsecured, considered good)

	2014-2015 Rupees	2013-2014 Rupees
Advances to others	28,49,053	1,14,93,747
Prepaid expenses	94,85,920	1,43,31,802
Advance Wealth tax and Income taxes (Net)	71,49,341	20,18,863
MAT Credit Entitlements	74,00,000	35,00,000
Refund receivable from Customs authorities	5,33,085	12,95,121
Advance with Customs authorities	13,50,000	13,50,000
	<b>2,87,67,399</b>	<b>3,39,89,533</b>

**1.15B — OTHER CURRENT ASSETS**

Interest Receivable	42,232	—
	<b>42,232</b>	<b>—</b>

**1.16 — REVENUE FROM OPERATIONS**

Sale of products	2,27,53,07,911	2,40,81,83,546
Sale of services	5,02,57,111	2,99,59,576
(Sales of products and services are reported net of trade and turnover discounts to dealers and commission on consignment sales)		
	<b>2,32,55,65,022</b>	<b>2,43,81,43,122</b>

**1.17 — OTHER INCOME**

Interest Income	13,36,336	10,97,101
Licence fees (Rental income)	2,53,04,400	4,14,07,200
Excess provision of earlier years	—	33,413
	<b>2,66,40,736</b>	<b>4,25,37,714</b>

**1.18 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE**

Opening stock		
Stock-in-trade	35,62,36,766	30,95,14,613
Stores and spares	1,67,25,088	1,53,90,047
	<b>37,29,61,854</b>	<b>32,49,04,660</b>
Closing stock		
Stock-in-trade	46,36,40,385	35,62,36,766
Stores and spares	2,20,42,745	1,67,25,088
	<b>48,56,83,130</b>	<b>37,29,61,854</b>
Increase in stock	<b>(11,27,21,276)</b>	<b>(4,80,57,194)</b>

**1.19 — EMPLOYEES BENEFITS EXPENSE**

Salaries and Wages (including Bonus and Gratuity)	22,36,18,250	22,34,93,068
Contributions to:		
Provident, Family Pension and other Funds	98,56,400	92,19,904
Employees State Insurance Scheme	10,13,893	11,23,245
Superannuation Scheme	8,96,800	8,96,800
Staff Welfare Expenses	91,71,276	74,56,135
	<b>24,45,56,619</b>	<b>24,21,89,152</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### NOTES — Contd.

#### 1.20 — FINANCE COSTS

	2014-2015 Rupees	2013-2014 Rupees
Interest expense (Bank loans and Fixed Deposits)	7,71,16,028	6,37,61,234
Other finance costs	2,32,74,908	1,51,65,064
	<u>10,03,90,936</u>	<u>7,89,26,298</u>

#### 1.21 — OTHER EXPENSES

Stores, spares and packing materials consumed	76,00,628	83,24,817
Power, fuel and water	98,14,514	1,04,23,106
Service charges	2,30,08,047	1,73,83,871
Rent	10,27,52,485	10,75,99,259
Insurance	41,25,647	39,26,361
Rates and taxes	46,43,829	62,48,671
Printing and stationery	58,75,528	76,13,628
Communications	1,08,96,432	1,18,49,132
Repairs to Buildings	2,65,180	5,14,328
Repairs – Others	1,38,46,488	78,77,778
Advertisement and publicity	6,30,49,136	5,42,21,446
Sublicence fee	8,58,23,321	8,53,19,147
Travelling and conveyance	4,70,27,040	4,64,87,033
Commission and brokerage	92,95,024	66,40,804
Transportation and octroi charges	5,50,22,694	5,09,57,130
Professional, Legal and Consultancy charges	4,06,93,698	3,98,61,215
Directors' fees	7,70,000	7,20,000
Auditors' remuneration	12,01,149	12,15,394
Other expenses	1,90,67,945	2,58,06,768
Sales Tax paid	12,13,817	11,63,324
Corporate Social Responsibility	18,91,344	—
Bad debts written off	(1,26,397)	20,29,938
Prior period expenses	—	10,04,941
	<u>50,77,57,549</u>	<u>49,71,88,091</u>

#### 1.22 — BASIC AND DILUTED EARNINGS PER EQUITY SHARE

Net profit after Taxation (in Rs.)	2,38,56,076	4,87,58,767
Weighted average number of equity shares	25,84,160	25,84,160
Earning per equity share (in Rs.)	9.23	18.87
Face value per equity share (in Rs.)	10	10

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### NOTE '2' — SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED ACCOUNTS

#### 1. Principles of consolidation

The consolidated financial statement relate to Cravatex Limited (the Company) and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the Company and its subsidiary company is combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- (b) In case of foreign subsidiaries, revenue items, all assets and liabilities are converted at rates prevailing at the end of the year.
- (c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

#### 2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

As per our report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Membership No. 101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2015

For and on behalf of the Board

**Rajesh Batra**  
Chairman & Managing Director

**N. R. Mahalingam**  
Director

**Divakar Kamath**  
Chief Financial Officer

**Nabankur Gupta**  
Director

**Sudhanshu Namdeo**  
Company Secretary

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a template for writing or drawing. The margins are consistent on all sides.

## CRAVATEX LIMITED

CIN : L93010MH1951PLC008546

Registered Office: Sahas, 4th Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.  
Tel No.: +91-22-66667474, Fax: +91-22-24313210, Email: investors@cravatex.com, Website: www.cravatex.com

### ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Folio No./DP ID-Client ID: ..... No. of Shares: .....

I hereby record my presence at the 63<sup>rd</sup> ANNUAL GENERAL MEETING to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025 on Friday, August 14, 2015 at 11.30 a.m.

Member's/Proxy's Full Name

Member's/Proxy's Signature

TEAR HERE

## CRAVATEX LIMITED

CIN : L93010MH1951PLC008546

Registered Office: Sahas, 4th Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.  
Tel No.: +91-22-66667474, Fax: +91-22-24313210, Email: investors@cravatex.com, Website: www.cravatex.com

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	E-mail Id:
Registered Address:	Folio No./Client Id:
	DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

- |                  |                                 |
|------------------|---------------------------------|
| 1. Name: .....   | Address: .....                  |
| E-mail Id: ..... | Signature: ..... or failing him |
| 2. Name: .....   | Address: .....                  |
| E-mail Id: ..... | Signature: ..... or failing him |
| 3. Name: .....   | Address: .....                  |
| E-mail Id: ..... | Signature: ..... or failing him |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 63<sup>rd</sup> annual general meeting of the company, to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025 on Friday, August 14, 2015 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Financial Statements and Consolidated Financial Statements for the year ended March 31, 2015
2. Declaration of Dividend on Equity Shares for the year ended March 31, 2015
3. Re-appointment of Mr. Rajesh Batra who retires by rotation
4. Appointment of M/s. S.P. Chopra & Co., Chartered Accountants as Auditors and fixing remuneration
5. Appointment of Ms. Pheroza Jimmy Bilimoria as an Independent Director
6. Payment of remuneration of Rs.42 Lacs to Mr. Rajesh Batra

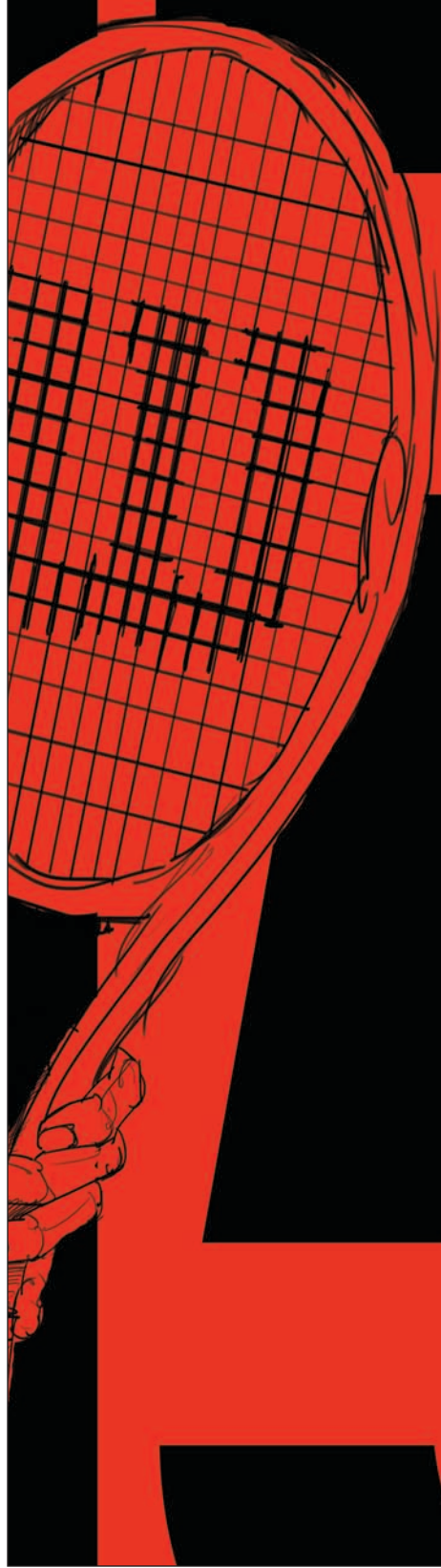
Signed this ..... day of ....., 2015

Signature of Shareholder:.....

Signature of Proxyholder(s):.....

Affix  
1 Rupee  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.



RAVATEX LIMITED

11020

# HEMANSHU KAPADIA & ASSOCIATES

## COMPANY SECRETARIES

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai -400 008

Tel 6631 0888 / 66314830

E-mail: hemanshu@hkacs.com

### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of Cravatex Limited

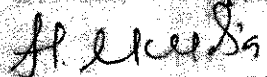
We have examined the compliance of conditions of Corporate Governance by Cravatex Limited, for the year ended on 31<sup>st</sup> March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause 49. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Hemanshu Kapadia & Associates



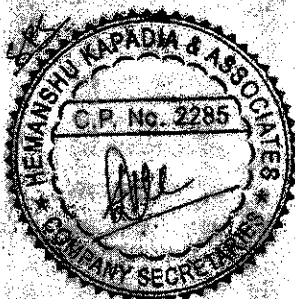
Hemanshu Kapadia

Proprietor

C.P. No. 2285

Place: Mumbai

Date: 29<sup>th</sup> May 2015





**FORM A**
**Covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the Company	Cravatex Limited
2.	Annual financial statements for the year ended	31st March 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-  • Managing Director    • CFO    • Auditor of the company    • Audit Committee Chairman	<p><b>For Cravatex Limited</b></p> <p><i>Rajesh Batra</i> Rajesh Batra Managing Director</p> <p><i>Y. K. Shankardass</i> Y. K. SHANKARDASS Partner M. No. F-5106</p> <p><i>NS</i> <i>[Signature]</i></p>