

CRAVATEX LIMITED



48TH
Annual
Report &
Accounts
1999-2000

CRAVATEX LIMITED**FINANCIAL HIGHLIGHTS**

	(Rupees in Lacs)									
	1999-2000	1998-99	1997-98	1996-97	1995-96 (9 months)	1994-95 (15 months)	1993-94	1992-93	1991-92	1990-91
Paid-up Capital.....	129.21*	67.20	67.20	67.20	67.20	67.20	67.20	42.00	42.00	42.00
Reserves and Surplus.....	1156.08	1120.47	1125.18	1129.70	1132.30	1131.42	110.85	130.03	124.47	118.77
Net Worth	1285.29	1187.67	1192.38	1196.90	1199.50	1198.62	178.05	172.03	166.47	160.77
Original Cost of Fixed Assets	1557.85	1426.44	1410.47	1362.59	1326.27	1031.22	191.30	156.16	145.72	151.10
Depreciation provided upto date	304.34	215.68	170.45	136.46	99.52	76.84	69.78	57.29	55.73	48.56
Net Block	1253.51	1210.75	1240.02	1226.13	1226.75	954.38	121.52	98.87	89.99	102.54
Secured Loans including deferred payment liability	362.45	253.17	13.87	16.86	48.19	53.44	52.27	27.56	22.34	20.66
Turnover (including export sales) ...	626.35	418.22	492.72	939.87	729.29	1112.85	553.49	519.05	472.07	369.70
Earnings before taxes	61.52	32.26	25.46	38.38	25.17	1037.36	30.10	28.45	28.76	20.33
Dividend	16.80# (25%)	16.80 (25%)	16.80 (25%)	16.80 (25%)	14.78 (22%)	16.80 (25%)	10.08 (15%)	7.98 (19%)	7.56 (18%)	7.14 (17%)

* Includes Share Suspense amounting to Rs. 62,00,800 towards 6,20,080 Equity Shares of Rs. 10 each to be issued to the Shareholders of erstwhile Pro Apparels Private Limited, now amalgamated with the Company.

Represents dividend paid to the shareholders of the Company prior to amalgamation of Pro Apparels Private Limited.

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Directors

Shri Rajesh Batra — Chairman
Shri N. R. Mahalingam — Executive Director
Shri Arjun Bulchandani
Shri Rajiv Batra
Shri H. K. Vakharia

Bankers

The Saraswat Co-operative Bank Limited
UTI Bank Limited

Secretary

Kuldeep R. Sharma

Auditors

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

1. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
2. 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 in view of the high cost of paper and printing.
3. Please address all correspondence regarding share transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.

Registered Office

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

Registrars & Share Transfer Agents

IIT Corporate Services Limited
IIT House, Near Vazir Glass Works,
Off. M. V. Road, J. B. Nagar,
Andheri (East), Mumbai-400 059

CRAVATEX LIMITED

NOTICE

NOTICE is hereby given that the Forty Eighth Annual General Meeting of the Members of CRAVATEX LIMITED will be held on Friday, September 29, 2000 at 11.00 a.m. at The Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2000 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To note payment of dividend.
3. To appoint a Director in place of Shri Rajiv Batra who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Arjun Bulchandani who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring Auditors M/s. S. P. Chopra & Co., Chartered Accountants, being eligible for re-appointment, be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration to be fixed by the Board of Directors."

6. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 228 of the Companies Act, 1956, the accounts of the Company for the year ending March 31, 2001 of the branch of the Company at Bangalore, be audited by M/s. Jayaprakash M. R. & Girish K. Associates, Chartered Accountants, on such terms and conditions as may be decided by the Board of Directors."

Special Business:

7. To consider and, if thought fit, to pass, with or without modification/s, the following resolutions as Ordinary Resolutions:

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions and/or the guidelines for the Managerial Remuneration issued by the Central Government from time to time, Shri N. R. Mahalingam, be and is hereby appointed as the Executive Director of the Company for a period of 5 years from August 31, 2000 on the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Shri N. R. Mahalingam, a draft whereof is placed before the meeting and initialed by the Chairman hereof for the purpose of identification, which Agreement is hereby specifically sanctioned."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary the terms and conditions of appointment, including determination of remuneration payable to Shri N. R. Mahalingam in such manner as the Board may in its absolute discretion deem fit provided, however, that the remuneration payable to Shri N. R. Mahalingam does not exceed the maximum limits for payment of Managerial Remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or the Companies Act as may be recodified or the maximum limits for payment

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of Managerial Remuneration as may be prescribed in accordance with the laws, policies, rules, regulations and guidelines in force from time to time."

"RESOLVED FURTHER THAT where in any financial year during the tenure of office of Mr. N. R. Mahalingam, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Shri N. R. Mahalingam as specified in the draft Agreement referred to above or in the alternative shall pay remuneration to Shri N. R. Mahalingam by way of salary, dearness, allowance, perquisites and any other allowances, such amount not exceeding the ceiling limits in terms of para 1 of Section II of part II of Schedule XIII to the Companies Act, 1956 or within such revised ceiling limits as may be prescribed under Schedule XIII from time to time of the Companies Act, 1956, as may be recodified. The following perquisites, however, shall not be included in the computation of ceiling on remuneration specified hereinabove:

- (a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- (c) Encashment of leave at the end of the tenure."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matter and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board of Directors

KULDEEP R. SHARMA
Company Secretary

Place: Mumbai
Dated: August 17, 2000

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, September 21, 2000 to Friday, September 29, 2000 (both days inclusive).
3. Members are requested to notify immediately any change in their Registered Addresses to the Registrars and Share Transfer Agents of the Company quoting their folio numbers.
4. Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956, any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.
5. Those members who have so far not encashed the dividend(s) for the years ending June 30, 1995, March 31, 1996, March 31, 1997, March 31, 1998 and March 31, 1999 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.
6. All unclaimed dividends upto financial year ended March 31, 1994 have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Shareholders, who have not encashed the dividend warrants for the aforesaid years, are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.
7. Members desiring any specific information as regards the Accounts are requested to write to the Company sufficiently in advance enabling the management to keep the information ready.

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Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

Item No. 7

1. At the meeting of the Board of Directors (the Board) of the Company held on July 31, 2000, the Board appointed Shri N. R. Mahalingam as the Executive Director of the Company and approved the tenure and the terms of appointment and remuneration payable to Shri N. R. Mahalingam, subject to the approval of the shareholders.

Shri N. R. Mahalingam, matriculate with CAIIB(I) qualification, joined the Company as General Manager (Finance) in 1978, after his successful career in banking industry. Since August 31, 1995, he has been the Executive Director of the Company and the Company has benefited from his experience. Accordingly, the Directors consider that it would be in the Company's interest to re-appoint Shri N. R. Mahalingam as the Executive Director for a period of five years with effect from August 31, 2000.

The Terms and Conditions of appointment of Shri N. R. Mahalingam have already been circulated to the Shareholders in Abstract u/s 302 of the Companies Act, 1956. In compliance with the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, an ordinary resolution in terms as set out in Item No. 7 of the accompanying notice is now being placed before the members for their approval. The Board recommend the passing of the resolution set out in Item No.7 of the accompanying notice.

Except Shri N. R. Mahalingam, no other Director of the Company is in any way concerned or interested or deemed to be interested in passing of the said Resolution.

By Order of the Board of Directors

KULDEEP R. SHARMA
Company Secretary

Place: Mumbai

Dated: August 17, 2000

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Your Directors present the Audited Balance Sheet and Profit and Loss Account of the Company together with their Report for the year ended March 31, 2000.

	Current Year Rupees	Previous Year Rupees
FINANCIAL RESULTS		
Gross Profit	1,76,31,327	96,76,243
Less: Interest	53,52,280	18,47,937
Less: Depreciation	61,27,158	46,02,533
Leaving a Profit before taxation	61,51,889	32,25,773
Less: Provision for taxation	7,50,000	18,50,000
Net Profit	54,01,889	13,75,773
Adding thereto:		
Brought forward from previous year	55,60,403	31,28,667
Excess Tax Provision	1,03,917	1,256
Available for appropriation	1,10,66,209	45,05,696
Less: Appropriations:		
General Reserve	55,00,000	1,50,000
Proposed Dividend	16,80,000	16,80,000
Provision for tax on proposed dividend	1,84,800	1,68,000
Balance to be carried forward	37,01,409	25,07,696

AMALGAMATION

The Directors are pleased to inform that the Hon'ble High Court at Bombay, vide its Order dated August 2, 2000, has approved the Scheme of Amalgamation of Pro Apparels Private Limited with the Company. The Scheme comes into effect from April 1, 1999. Accordingly, the enclosed accounts and financial statements include the operating results of Pro Apparels Private Limited. The Company is taking necessary steps to give effect to the said Scheme of Amalgamation.

OPERATIONS

Pursuant to the Amalgamation, the turnover of the Company for the year under review has increased from Rs. 418 lacs to Rs. 626 lacs. The net profit has also increased from Rs. 13.17 lacs to Rs. 54 lacs. The balance carried forward to the Balance Sheet is Rs. 37 lacs as compared to Rs. 25 lacs in the previous year.

DIVIDEND

The Board has already made payment of interim dividend @ 25% on the Equity Shares for the financial year ended March 31, 2000 to the Shareholders, prior to amalgamation of Pro Apparels Private Limited. It is proposed not to declare any further dividend for the year under review.

CAPITAL

Pursuant to the Amalgamation, the Paid-up Share Capital of the Company will stand increased from Rs. 67,20,000 to Rs. 1,29,20,800 upon allotment of Shares to the Shareholders of erstwhile Pro Apparels Private Limited. These Shares shall be entitled to dividend, if any, pro-rata from the date of allotment.

CRAVATEX LIMITED

YEAR 2000 COMPLIANCE

As mentioned in the last year's report, your Company addressed the Year 2000 (Y2K) problem and achieved a smooth transition without any difficulty.

DEPOSITS

The total Unsecured Loans and Deposits stood at Rs. 19,01,500 as on March 31, 2000 and there are no unclaimed deposits as on that date.

ASSETS

The fixed assets of the Company have been adequately insured.

DIRECTORS

The Board informs with a deep sense of grief the passing away of Shri T.R. Tuli, Director, on January 29, 2000 and places on record its appreciation for the contribution made by him during his tenure with the Company.

Shri Rajiv Batra and Shri Arjun Bulchandani are retiring by rotation and, being eligible, offer themselves for re-appointment.

The resolution for appointment of Shri N. R. Mahalingam as Executive Director is placed for members' approval.

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

Information required pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure to this Report.

PARTICULARS OF THE EMPLOYEES

There are no employees in respect of whom information, in accordance with the requirements of Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, can be given.

AUDITORS' REPORT

The remarks made by the Auditors are self-explanatory and do not call for any clarification under Section 217 of the Companies Act, 1956.

AUDITORS & BRANCH AUDITORS

M/s. S. P. Chopra & Co., Chartered Accountants, will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. The members are also required to appoint Branch Auditors for Company's operations at Bangalore.

EMPLOYEES

The Directors place on record their appreciation for the efforts put by the employees at all levels.

For and on behalf of the Board of Directors

RAJESH BATRA
Chairman

Place: Mumbai
Dated: August 17, 2000

Registered office:
6, SAHAS, 4th floor,
414/2, Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025