



CRAVATEX LTD.
ANNUAL REPORT 2001-02

FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96 (9months)	1994-95 (15months)	1993-94	1992-93
Paid-up Capital	129.21	129.21	129.21	67.20	67.20	67.20	67.20	67.20	67.20	42.00
Reserves and Surplus	1260.23	1199.19	1156.08	1120.47	1125.18	1129.70	1132.30	1131.42	110.85	130.03
Net Worth	1389.44	1328.40	1285.29	1187.67	1192.38	1196.90	1199.50	1198.62	178.05	172.03
Original Cost of Fixed Assets	1799.09	1971.47	1557.85	1426.44	1410.47	1362.59	1326.27	1031.22	191.30	156.16
Depreciation provided upto date	382.16	324.88	304.34	215.68	170.45	136.46	99.52	76.84	69.78	57.29
Net Block	1416.93	1646.59	1253.51	1210.75	1240.02	1226.13	1226.75	954.38	121.52	98.87
Secured Loans including deferred payment liability	792.32	981.67	362.45	253.17	13.87	16.86	48.19	53.44	52.27	27.56
Turnover (including export sales)	3243.11	1570.12	626.35	418.22	492.72	939.87	729.29	1112.85	553.49	519.05
Earnings before taxes ...	96.77	80.07	61.52	32.26	25.46	38.38	25.17	1037.36	30.10	28.45
Dividend	25.84 (20%)	26.58 (27%)	16.80 (25%)	16.80 (25%)	16.80 (25%)	16.80 (25%)	14.78 (22%)	16.80 (25%)	10.08 (15%)	7.98 (19%)

BOARD OF DIRECTORS AND GENERAL INFORMATION

Board of Directors

Shri Rajesh Batra : *Chairman*
Shri N. R. Mahalingam : *Executive Director*
Shri Arjun Bulchandani
Shri Rajiv Batra
Shri H. K. Vakharia
Shri Bhasker L. Paranjape

Bankers

UTI Bank Limited

Company Secretary

Kuldeep R. Sharma

Auditors

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

Registered Office

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

Registrars & Share Transfer Agents

IIT Corporate Services Limited
Proto Prima Chambers, 2nd Floor,
Suren Road, Andheri (East),
Mumbai - 400 093.

1. 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.
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.
3. Please address all correspondence regarding share transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Thursday, August 29, 2002 at 11.00 a.m. at Cultural Centre of Russia, 31-A, Dr. Gopal Rao Deshmukh Marg, Mumbai - 400 026, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2002 and Profit and Loss Account for the year ended on that date togetherwith the Reports of the Directors and Auditors thereon.
2. To declare a 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 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 the provisions of Section 228 of the Companies Act, 1956, the accounts of the Company for the year ending March 31, 2003 in respect 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 Resolution as an Ordinary Resolution:

“RESOLVED THAT Shri Bhasker L. Paranjape, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, subject to retirement by rotation.”

By Order of the Board of Directors

Kuldeep R. Sharma
Company Secretary

Place : Mumbai
Dated : June 17, 2002

NOTICE OF ANNUAL GENERAL MEETING

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 a proxy need not be a member. The instrument appointing a proxy should however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 22, 2002 to Thursday, August 29, 2002, both days inclusive.
3. Members are requested to notify immediately any change in their Registered Address to the Registrars and Share Transfer Agents of the Company quoting their Folio Numbers/Client IDs.
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. 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.
Unclaimed dividends for the financial year ended June 30, 1995 shall be transferred to the Investor Education and Protection Fund in accordance with the provisions applicable therefor.
6. Those members who have so far not encashed the dividend(s) from the year ended March 31, 1996, till the year ended March 31, 2001 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.
7. Members desiring any specific information as regards the Accounts at the Annual General Meeting are requested to write to the Company sufficiently in advance enabling the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

During the year under review, Shri Bhasker L. Paranjape was appointed as an Additional Director of the Company on June 17, 2002, pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice from a shareholder under Section 257 of the Companies Act, 1956, proposing Shri Paranjape's candidature for the office of the Director. The Board considers it desirable that the Company continues to avail of the services of Shri Paranjape as a Director and commends the resolution for acceptance by the members.

Shri Bhasker L. Paranjape may be deemed to be concerned or interested in the Resolution for his appointment.

By Order of the Board of Directors

Kuldeep R. Sharma
Company Secretary

Place : Mumbai
Dated : June 17, 2002

50TH ANNUAL REPORT**REPORT OF THE BOARD OF DIRECTORS****DIRECTORS' REPORT****To the Members of Cravatex Limited**

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, 2002.

	Current Year Rupees	Previous Year Rupees
FINANCIAL RESULTS		
Earnings before Interest, Depreciation and Taxation	3,81,92,508	2,33,87,189
Less: Interest	1,45,77,122	92,62,241
Less: Depreciation	1,39,38,632	61,18,169
Leaving a Profit before taxation	96,76,754	80,06,779
Less: Provision for taxation	32,00,000	2,50,000
Net Profit	64,76,754	77,56,779
Adding thereto:		
Brought forward from previous year	45,11,958	37,01,409
Excess Provision for earlier years	1,20,274	3,98,226
Deferred Tax Credit	12,60,772	—
Available for appropriation	1,23,69,758	1,18,56,414
Less: Appropriations:		
General Reserve	65,00,000	35,00,000
Proposed Dividend	17,53,933	34,88,616
Provision for tax on proposed dividend	—	3,55,840
Balance to be carried forward	41,15,825	45,11,958

OPERATIONS

The turnover of the Company for the year under review has increased from Rs.1,570 lacs to Rs.3,243 lacs and consequently the earnings before interest, depreciation and taxation increased from Rs. 234 lacs to Rs. 382 lacs. However, the initial capital expenditure incurred by the Company in acquiring new businesses resulted in increased interest costs and depreciation. Accordingly, the net profit for the year stood at Rs.64 lacs as against Rs.77 lacs in the previous year. The balance carried forward to Balance Sheet is Rs.41 lacs as compared to Rs.45 lacs in the previous year.

DIVIDEND

In order to conserve the resources of the Company for the expected growth in the Company's operations, the Directors recommend the payment of dividend of 20% for the year under review. The dividend, if approved by the shareholders at the Annual General Meeting, will absorb Rs. 25,84,160/-.

DEPOSITS

The total Unsecured Loans and Deposits stood at Rs.1,87,38,500/- as on March 31, 2002 and there were no unclaimed deposits as on that date.

REPORT OF THE BOARD OF DIRECTORS

ASSETS

The fixed assets of the Company have been adequately insured.

DIRECTORS

Shri Bhasker L. Paranjape

Shri Bhasker L. Paranjape was appointed as an Additional Director of the Company on June 17, 2002 pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of the ensuing Annual General Meeting.

Shri Bhasker L. Paranjape has had a distinguished career in Indian banking, including several Overseas Assignments, spending 29 years at Bank of Baroda where he achieved the position of Chief General Manager, before being appointed as a Chairman & Managing Director of Union Bank of India for approximately 5 years. Shri Paranjape was subsequently Senior Adviser for India in Midland Bank's Representative Office and Senior Adviser International Banking (Asia) becoming Honorary Adviser-Asset Management in Industrial Bank of Japan in London and also Senior Consultant E.I.F. branch of Industrial Bank of Japan for project financing for 4 years. He was also on the Board of UTI Bank Limited for 8 years.

Currently, Shri Paranjape holds a number of Directorships on important corporates throughout the breadth of Indian Industry and is also a Director of Tata Investment, SICOM, Apollo Hospital Group. He is the President of well-known classical music centre (D.M.C.C.) for last 25 years and is also associated with the Welingakar Institute of Management.

The Company has received a notice from a shareholder under Section 257 of the Companies Act, 1956 proposing Shri Bhasker L. Paranjape's candidature for the office of the Director.

The Board considers it desirable that the Company continues to avail of the services of Shri Paranjape as a Director and commends the resolution for acceptance by the members.

Shri Rajiv Batra

Shri Rajiv Batra is retiring by rotation and, being eligible, offers himself for re-appointment.

Shri Arjun Bulchandani

Shri Arjun Bulchandani is retiring by rotation and, being eligible, offers himself for re-appointment.

DEMATERIALISATION OF COMPANY'S SHARES

The Stock Exchange, Mumbai, vide their letter dated March 30, 2001 and August 17, 2001 had notified all the companies listed on Stock Exchange to bring their equity under compulsory Demat Mode. Accordingly, the Company participated in the Depository System by entering into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL) and necessary intimation was sent to all the shareholders of the Company. The members are requested to note the **ISIN** of the Company's Scrip, which is **INE145E01017**.

Of the Company's total shareholding, 34,587 shares were held in dematerialised mode by the shareholders of the Company of which 34,087 shares were under National Securities Depository Limited (NSDL) and balance 500 shares under Central Depository Services (I) Limited (CDSL).

50TH ANNUAL REPORT**REPORT OF THE BOARD OF DIRECTORS****SECRETARIAL COMPLIANCE**

As required under Section 383A of the Companies Act, 1956, the Company's records have been examined by a Secretary in Whole-time practice. Certificate confirming compliance by the Company of all the provisions of the Companies Act is given in the Annexure I to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 (the Act), the Directors state that:

- i) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the period;
- iii) they have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis.

INFORMATION UNDER SECTION 292A(1) OF THE COMPANIES ACT, 1956 AND CLAUSE 49 OF THE LISTING AGREEMENT

Since the paid-up share capital of the Company is Rs. 1.29 Crore, the provisions of Section 292A(1) of the Companies Act, 1956 and Clause 49 of the Listing Agreement relating to constitution of Audit Committee and Corporate Governance respectively, are not applicable to the Company. However, the Directors furnish the following relevant information for the benefit of the shareholders:

A) Management Discussion and Analysis Report**Economy & Business Environment**

The year ended March 31, 2002 has been a challenging one for the Indian Economy. There has been a general economic slowdown globally. In spite of a good monsoon, social and political factors prevalent during the year in the Country had an adverse impact. The industrial sector experienced a very sluggish growth of only 2.7% as against 5% in the previous year.

Garment Exports Business

The overall exports of readymade garments from India during April 2001 to March 2002 amounted to 1,252.3 million pcs. valued at US\$ 4,279.7 million (Rs. 20,425.56 crores). This represents a decrease of 9.03% in terms of quantity and 16.93% in terms of value, when compared to the same period of previous financial year.

Business to the United States was greatly affected after the event on September 11, 2001. Overall, value realisation also fell as the Country continued to face intense competition from neighbouring countries i.e. China, Pakistan and Bangladesh.

REPORT OF THE BOARD OF DIRECTORS

The issues facing the industry in the future are:

- Phasing out of textile quotas by the year 2004
- Economies of scale offered by competitive countries
- Shorter lead times required by customers

Against this backdrop, the Company has been maintaining its growth in export of garments. The exports for the year under review amounted to Rs.16.23 crores as against Rs.6.62 crores in the previous year thereby recording a growth of 145%.

Health Equipment and Footwear Business

This is a growing business in the Country and is in its formative stage.

The Company has increased its presence by opening six new outlets for fitness products across India. The Company also plays a dominant role in the home-use segment of these products. Demand in this sector is expected to substantially rise in the current year.

The Company has signed an exclusive licensing agreement for manufacture and sale of FILA & K-Swiss range of footwear in India. The locally manufactured product has been introduced in the market and volumes are expected to grow in the current year.

B) Report on Corporate Governance

1. Board of Directors

a) Composition / Category of Directors :

Director	Category	Board Meetings		Last AGM Attended	No. of other Directorships	Member of Committees
		Held	Attended			
Mr. Rajesh Batra	Promoter	5	5	Yes	12	None
Mr. Arjun Bulchandani	Independent Non-executive	5	4	Yes	None	None
Mr. Rajiv Batra	Promoter	5	1	Yes	2	None
Mr. H. K. Vakharia	Independent Non-executive	5	5	Yes	1	None
Mr. N. R. Mahalingam	Executive	5	4	Yes	1	None

b) Number of Board Meetings held during the year 2001-2002:

The Company held five Board Meetings during the year ended March 31, 2002. These were on May 28, 2001, July 30, 2001, August 31, 2001, October 31, 2001 and January 30, 2002

50TH ANNUAL REPORT**REPORT OF THE BOARD OF DIRECTORS****2. Details in respect of Last Four General Body Meetings**

	I (AGM)	II (AGM)	III (EGM)	IV (AGM)
Date	31/08/2001	29/09/2000	29/01/2000	26/08/1999
Venue	Sunville, Dr. Annie Besant Road, Worli, Mumbai – 18	Sunville, Dr. Annie Besant Road, Worli, Mumbai – 18	Sunville, Dr. Annie Besant Road, Worli, Mumbai – 18	Patkar Hall, S.N.D.T. Women's University, Mumbai – 20
Time	11.00 a.m.	11.00 a.m.	11.00 a.m.	10.30 a.m.

3. Means of Communication**Company's Financial Results :**

Company's Financial results are normally published in Business Standard (in English) and in Sakal (in Marathi)

Report on Management Discussion & Analysis:

Relevant information by means of Management Discussion and Analysis forms part of the Annual Report.

4. General Shareholder Information

- a) Annual General Meeting will be held on Thursday, August 29, 2002 at 11.00 a.m. at Cultural Centre of Russia, 31-A, Dr. Gopal Rao Deshmukh Marg, Mumbai - 400 026.
- b) Financial Year :

Results for quarter ending June 30, 2002	Last week of July, 2002
Annual General Meeting	Thursday, August 29, 2002
Results for quarter ending September 30, 2002	Last week of October, 2002
Results for quarter ending December 31, 2002	Last week of January, 2003
Results for the year ending March 31, 2003	Before June 30, 2003
- c) Date of Book Closure : August 22, 2002 to August 29, 2002, both days inclusive
- d) Dividend Payment Date : Before September 27, 2002
- e) Listing on Stock Exchange : Company's shares are listed on Bombay Stock Exchange
- f) Stock Code : 9472
Symbol : Cravatex
Demat ISIN No. : INE145E01017
- g) Market Price Data : High : Rs.37 (31/05/2001)
(during Last Financial Year) Low : Rs.24.40 (18/09/2001)
Low : Rs.19 (17/05/2002)