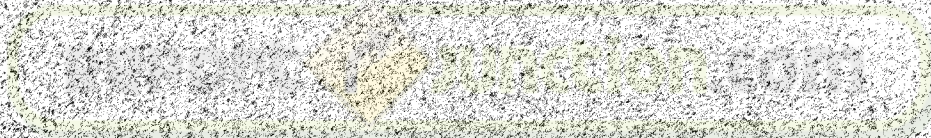


CRAVATEX LTD.



FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96 (9 months)	1994-95 (15 months)
Paid-up Capital	129.21	129.21	129.21	129.21	129.21	67.20	67.20	67.20	67.20	67.20
Reserves and Surplus	1015.61	944.86	881.13	1199.19	1156.08	1120.47	1125.18	1129.70	1132.30	1131.42
Net Worth	1144.82	1074.07	1010.34	1328.40	1285.29	1187.67	1192.38	1196.90	1199.50	1198.62
Original Cost of Fixed Assets	1773.47	1783.92	1799.09	1971.47	1557.85	1426.44	1410.47	1362.59	1326.27	1031.22
Depreciation provided upto date	581.61	490.94	382.16	324.88	304.34	215.68	170.45	136.46	99.52	76.84
Net Block	1191.86	1292.99	1416.93	1646.59	1253.51	1210.75	1240.02	1226.13	1226.75	954.38
Secured Loans including deferred payment liability	610.87	719.19	792.32	981.67	362.45	253.17	13.87	16.86	48.19	53.44
Turnover (including export sales)	3756.40	3301.32	3222.68	1570.12	626.35	418.22	492.72	939.87	729.29	1112.85
Earning before Taxes	165.27	89.73	96.77	80.07	61.52	32.26	25.46	38.38	25.17	1037.36
Dividend	32.30 (25%)	28.43 (22%)	17.54 (20%)	34.89 (27%)	16.80 (25%)	16.80 (25%)	16.80 (25%)	16.80 (25%)	14.78 (22%)	16.80 (25%)

BOARD OF DIRECTORS AND GENERAL INFORMATION**Board of Directors**

Rajesh Batra : *Chairman*

N. R. Mahalingam

Arjun Bulchandani

Rajiv Batra

H. K. Vakharia

S. D. Israni

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.

52ND ANNUAL REPORT**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fifty-second Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 30, 2004 at 10.00 a.m. at Rachana Sansad, 278, Shankar Ghanekar Marg, Prabhadevi, Mumbai – 400 025, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2004 and Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Rajiv Batra who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. 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 provisions of Section 228 of the Companies Act, 1956, the accounts of the Company for the year ending March 31, 2005 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 Dr. S. D. Israni, 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 : May 31, 2004

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.

NOTICE OF ANNUAL GENERAL MEETING

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 23, 2004 to Friday, July 30, 2004, 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 and unclaimed dividends upto the financial year ended March 31, 1996 have been transferred to Investor Education and Protection Fund of the Central Government in terms of Section 205A of the Companies Act, 1956.

Unclaimed dividends for the financial year ended March 31, 1997 shall be transferred to the Investor Education and Protection Fund by October 30, 2004 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, 1997, till the year ended March 31, 2003 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, Dr. S. D. Israni was appointed as an Additional Director of the Company on October 31, 2003 pursuant to Section 260 of the Companies Act, 1956 and Article 185 of the Articles of Association of the Company and holds office upto the date of the ensuing Annual General Meeting.

Dr. S. D. Israni is a Practising Company Secretary and has over 30 years experience in the Legal field. He also holds several positions in various professional bodies and expert Committees.

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

Dr. S. D. Israni may be deemed to be concerned or interested in the Resolution as the same pertains to his appointment.

By Order of the Board of Directors

Kuldeep R. Sharma
Company Secretary

Place : Mumbai
Dated : May 31, 2004

52ND 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, 2004.

	Current Year Rupees	Previous Year Rupees
FINANCIAL RESULTS		
Earnings before Interest, Depreciation and Taxation	3,33,95,099	3,35,29,153
Less: Interest	73,24,055	1,29,83,949
Less: Depreciation	95,44,161	1,15,72,659
Leaving a Profit before Taxation	1,65,26,883	89,72,545
Less: Provision for Taxation	57,00,000	25,000
Add/(Less) Excess/(short) Provision for earlier years	3,98,287	(39,566)
Profit after current Taxation	1,12,25,170	89,07,979
Adding thereto:		
Brought forward from previous year	39,89,075	41,15,825
Deferred Tax Credit	7,24,226	6,72,052
Available for Appropriation	1,59,38,471	1,36,95,856
Less: Appropriations:		
General Reserve	35,00,000	65,00,000
Proposed Dividend	32,30,200	28,42,576
Provision for tax on Proposed Dividend	4,13,870	3,64,205
Balance to be carried forward	87,94,401	39,89,075

OPERATIONS

The turnover of the Company for the year under review has increased from Rs. 3301 lacs to Rs. 3756 lacs while the earnings before interest, depreciation and taxation stood at Rs. 334 lacs as against Rs. 335 lacs in last year. The Net Profit before tax for the year increased from Rs. 89 lacs to Rs. 165 lacs. The balance carried forward to Balance Sheet is Rs. 88 lacs as compared to Rs. 40 lacs in the previous year.

DIVIDEND

The Directors are pleased to recommend increased dividend of 25% (previous year 22%) for the year under review, which would be tax-free in the hands of shareholders. The Dividend, if approved by the shareholders at the Annual General Meeting, will absorb Rs. 32,30,200/-.

REPORT OF THE BOARD OF DIRECTORS**DEPOSITS**

The total Unsecured Loans and Deposits stood at Rs.1,88,85,000/- as on March 31, 2004 and there were no unclaimed deposits as on that date. The Company has repaid all the Deposits on due dates.

ASSETS

The fixed assets of the Company have been adequately insured.

DIRECTORS

- Dr. S. D. Israni was appointed as an Additional Director of the Company with effect from October 31, 2003 pursuant to Section 260 of the Companies Act, 1956 and Article 185 of the Articles of Association of the Company and holds office upto the date of the ensuing Annual General Meeting.

The Company has received notice from a shareholder under Section 257 of the Companies Act, 1956 proposing Dr. S. D. Israni's candidature for the office of the Director.

- Dr. S. D. Israni is a Practising Company Secretary and has over 30 years experience in the Legal field. He also holds several positions in various professional bodies and expert Committees. The Board considers it desirable that the Company continues to avail of the services of Dr. S. D. Israni as a Director and commends the resolution for acceptance by the members.
- Mr. Rajiv Batra and Mr. Arjun Bulchandani are retiring by rotation and, being eligible, offer themselves for re-appointment.

DEMATERIALISATION OF COMPANY'S SHARES

Of the Company's total shareholding, 1,64,374 shares were held in dematerialised mode by the shareholders of the Company of which 1,49,583 shares were under National Securities Depository Limited (NSDL) and balance 14,791 shares under Central Depository Services (I) Limited (CDSL) as on May 21, 2004.

SECRETARIAL COMPLIANCE

Pursuant to General Circular No.35/2003 dated December 11, 2003 issued by the Department of Company Affairs, a Company which is not required by law to appoint a whole-time Company Secretary but has voluntarily appointed a whole-time Company Secretary, is not required to obtain Compliance Certificate from Company Secretary in practice.

The Members may note that since the paid-up share capital of the Company is less than Rs. 2 crores (Rs. 1.29 Crore), the Company is not required, by law, to appoint a Whole-time Company Secretary. However, as the Company has voluntarily appointed a Company Secretary, it is not required to obtain Compliance Certificate from a Company Secretary in practice in terms of the above-mentioned circular.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, 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

52ND ANNUAL REPORT

REPORT OF THE BOARD OF DIRECTORS

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

While GDP grew at 8.1% in the year 2003 and the monsoon were good, competition was intense. India is being viewed in a positive light internationally and foreign exchange reserves hit an all time high. Stock Markets were also bouyant.

The Company performed reasonably well in these conditions with PBT rising by about 78% over the previous year.

Garment Exports Business

The business continued to witness a pressure on operating margins. The rupee appreciated by approximately 5% against the US Dollar during the financial year. A hike in cotton price substantially pushed up the cost of inputs. There is also intense competition from various low cost producers i.e. Sri Lanka, Bangladesh, Vietnam and China.

The Company has managed in this environment to maintain its exports turnover. The post quota require from January, 2005, will throw up opportunities and challenges, which the Company is in a position to exploit.

Health, Sports and Footwear Business

This segment has continued its growth trend during the year under review.

Several shops have been opened during the year which showcase the Company's entire range of Fitness Equipment.

Footwear and Sports Equipment distribution has been consolidated and the Company's products enjoy a good reputation.

The Company has signed up an exclusive distribution arrangement for India with LPG Systems, France a world leader in equipments used in the Health and Beauty industry. This is expected to generate good sales for the Company in the years ahead.

REPORT OF THE BOARD OF DIRECTORS**(B) Report on Corporate Governance****1. Board of Directors****(a) Composition/Category of Directors:**

Directors	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	0	No	2	None
Mr. H. K. Vakharia	Independent Non-executive	5	5	Yes	1	None
Mr. N. R. Mahalingam	Non-executive	5	5	Yes	1	None
Dr. S. D. Israni*	Non-executive	5	2	N.A.	2	3

*Appointed w.e.f. October 31, 2003

(b) Number of Board Meetings held during the year 2003-2004:

The Company held five Board Meetings during the year ended March 31, 2004. These were on June 13, 2003, July 29, 2003, August 14, 2003, October 31, 2003 and January 30, 2004.

2. Details in respect of Last Four General Body Meetings

	I (AGM)	II (AGM)	III (AGM)	IV (AGM)
Date	14/08/2003	29/08/2002	31/08/2001	29/09/2000
Venue	Rachna Sansad 278, Shankar Ghanekar Marg Prabhadevi Mumbai - 25	Cultural Centre Of Russia 31-A, G.D. Marg Mumbai - 26	Sunville Dr. Annie Besant Road Worli Mumbai - 18	Sunville Dr. Annie Besant Road Worli Mumbai - 18
Time	11.00 a.m.	11.00 a.m.	11.00 a.m.	11.00 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.

52ND ANNUAL REPORT**REPORT OF THE BOARD OF DIRECTORS****4. General Shareholder Information**

(a) Annual General Meeting will be held on Friday, July 30, 2004 at 10.00 a.m. at Rachana Sansad, 278, Shankar Ghanekar Marg, Prabhadevi, Mumbai - 400 025.

(b) Financial Year :

Results for quarter ending June 30, 2004	Last week of July, 2004
Annual General Meeting	Friday, July 30, 2004
Results for quarter ending September 30, 2004	Last week of October, 2004
Results for quarter ending December 31, 2004	Last week of January, 2005
Results for the year ending March 31, 2005	Before June 30, 2005

(c) Date of Book Closure : Friday, July 23, 2004
to
Friday, July 30, 2004
(both days inclusive)

(d) Dividend Payment Date : Before August 28, 2004

(e) Listing on Stock Exchange: Company's shares are listed on Bombay Stock Exchange

(f) Stock Code : 509472
Scrip Name : CRAVATEX LTD.
Demat ISIN : INE145E01017

(g) Market Price Data : High : Rs. 50.00 (22/12/2003)
(during Last Financial Year) Low : Rs. 19.50 (02/06/2003)

(h) Registrars & Share Transfer Agents:

IIT Corporate Services Limited, Proto Prima Chambers, 2nd Floor, Suren Road, Near L & T Health Centre, Andheri (East), Mumbai - 400 093. E-mail: iitcsl@bom3.vsnl.net.in
Tel. No.: 26838240/41, Fax No.: 26838241

(i) Share Transfer System:

Presently, the share transfers received in physical form are processed and share certificates are returned within a period of 20-25 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.

(j) Distribution of Shareholding:

Category	No. of Shares	%
Promoters	9,90,140	76.63
Banks	200	0.02
Bodies Corporate (Other)	6,632	0.51
NRI*	26,000	2.01
Public#	2,69,108	20.83
Total	12,92,080	100.00

* Total Foreign Shareholding in the Company is 65120 (5.04%) of which 39120 (3.02%) is included in Indian Promoters.

#Includes shares held by Independent Directors who are not in control of the Company.