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CRAVATEX LIMITED

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FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96 (9 Months)
Paid-up Capital	**129.21**	129.21	129.21	129.21	129.21	129.21	67.20	67.20	67.20	67.20
Reserves and Surplus	**1058.27**	1015.61	944.86	881.13	1199.19	1156.08	1120.47	1125.18	1129.70	1132.30
Net Worth	**1187.48**	1144.82	1074.07	1010.34	1328.40	1285.29	1187.67	1192.38	1196.90	1199.50
Original Cost of Fixed Assets	**2131.34**	1773.47	1783.92	1799.09	1971.47	1557.85	1426.44	1410.47	1362.59	1326.27
Depreciation provided upto date	**653.90**	581.61	490.94	382.16	324.88	304.34	215.68	170.45	136.46	99.52
Net Block	**1477.43**	1191.86	1292.99	1416.93	1646.59	1253.51	1210.75	1240.02	1226.13	1226.75
Secured Loans including deferred payment liability	**1001.23**	610.87	719.19	792.32	981.67	362.45	253.17	13.87	16.86	48.19
Turnover (including export sales)	**4184.59**	3756.40	3301.32	3222.68	1570.12	626.35	418.22	492.72	939.87	729.29
Earning before Taxes	**155.82**	165.27	89.73	96.77	80.07	61.52	32.26	25.46	38.38	25.17
Dividend	**38.76 (30%)**	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%)

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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
Nabankur Gupta

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

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

Regd Office :

Satam Estate, 3rd Floor
Above Bank of Baroda
Cardinal Gracious Road
Chakala, Andheri (E)
Mumbai - 400 099

Investor Relation Centre :

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

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.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-third Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 29, 2005 at 10.00 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, 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, 2005 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. Rajesh Batra who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. R. Mahalingam 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, 2006 in respect of the branch of the Company at Bangalore, be audited by M/s. M. R. Jayaprakash & 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 Mr. Nabankur Gupta, who was appointed as Additional Director of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation."

By Order of the Board of Directors

Kuldeep R. Sharma
Company Secretary and
Head – Legal & IT

Place : Mumbai
Dated : June 17, 2005

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/herself 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.

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NOTICE OF ANNUAL GENERAL MEETING

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 22, 2005 to Friday, July 29, 2005, 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.

   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, 1997 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, 1998 shall be transferred to the Investor Education and Protection Fund by November 17, 2005 in accordance with the provisions applicable therefor.

   Those members who have so far not encashed the dividend(s) from the year ended March 31, 1998, till the year ended March 31, 2004 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

5. 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, Mr. Nabankur Gupta was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 185 of the Articles of Association of the Company and holds office up to the date of ensuing Annual General Meeting.

Mr. Nabankur Gupta is an I.I.T. Graduate in Electrical and Electronics Engineering and has over 35 years experience in the Marketing field. Mr. Gupta was the first Indian to receive recognition by the Advertising Age International, New York, in 1995 with the title of Marketing Superstar. He was further honoured with U. P. Ratna from the U. P. Mahasabha in the year 1996.

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

Mr. Nabankur Gupta 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 and
Head - Legal & IT

Place : Mumbai
Dated : June 17, 2005

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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, 2005.

	Current Year Rupees	Previous Year Rupees
FINANCIAL RESULTS		
Earnings before Interest, Depreciation and Taxation	3,15,30,143	3,33,95,099
Less: Interest	68,63,524	73,24,055
Less: Depreciation	90,84,314	95,44,161
Leaving a Profit before taxation	1,55,82,305	1,65,26,883
Less: Provision for taxation	47,00,000	57,00,000
Less: Short / (Excess) Provision for earlier years	18,44,963	(3,98,287)
Profit after current Taxation	90,37,342	1,12,25,170
Adding thereto :		
Brought forward from previous year	87,94,401	39,89,075
Deferred Tax Credit	(7,38,846)	7,24,226
Available for appropriation	1,70,92,897	1,59,38,471
Less: Appropriations :		
General Reserve	35,00,000	35,00,000
Proposed Dividend	38,76,240	32,30,200
Provision for tax on proposed dividend	5,43,460	4,13,870
Balance to be carried forward	91,73,197	87,94,401

OPERATIONS

The turnover of the Company for the year under review has increased from Rs.3756 lacs to Rs.4185 lacs while the earnings before interest, depreciation and taxation stood at Rs.315 lacs as against Rs.334 lacs in last year. The Net Profit before tax for the year decreased from Rs.165 lacs to Rs.156 lacs. The balance carried forward to Balance Sheet is Rs.92 lacs as compared to Rs.88 lacs in the previous year.

DIVIDEND

The Directors are pleased to recommend increased dividend of 30% (previous year 25%) 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.38,76,240/-.

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REPORT OF THE BOARD OF DIRECTORS

DEPOSITS

The total Unsecured Loans and Deposits stood at Rs.2,54,55,000/- as on March 31, 2005 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

— Mr. Nabankur Gupta was appointed as an Additional Director of the Company with effect from June 17, 2005 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 a notice from a shareholder under Section 257 of the Companies Act, 1956 proposing Mr. Nabankur Gupta's candidature for the office of the Director. The Board considers it desirable that the Company continues to avail the services of Mr. Nabankur Gupta as a Director and commends the resolution for acceptance by the members.

— Mr. Rajesh Batra and Mr. N. R. Mahalingam are retiring by rotation and, being eligible, offer themselves for re-appointment.

DEMATERIALISATION OF COMPANY'S SHARES

Of the Company's total shareholding, 7,60,909 shares were held in dematerialised mode by the shareholders of the Company of which 7,43,568 shares were under National Securities Depository Limited (NSDL) and balance 17,341 shares under Central Depository Services (I) Limited (CDSL) as on June 3, 2005.

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 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 economy sustained its growth momentum during the year. Soaring oil prices and the weakening of the US dollar led to the hardening of input prices and exerted pressure on exports.

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REPORT OF THE BOARD OF DIRECTORS

Your Company had a growth of 10% in sales. Pre-tax profits were at Rs.155 lacs as compared to Rs.165 lacs in the previous year.

Health, Sports & Footwear Business

This segment continues to grow and is the major thrust area for the Company. Sales grew to Rs.2600 lacs and PBIT to Rs.101 lacs during the year.

In order to increase the geographical reach of the company's products, several new fitness stores that showcase the company's products have been opened during the year under the brand **"FITNESS PLANET"**.

The Footwear and Sports distribution continue to be consolidated and have shown modest growth.

The Company has signed up for several exclusive distribution rights for Spa and Beauty equipments with some of the world's leading brands. The Company expects the business to grow in the years to come. The Company has also invested in a Spa concept "Spa Zieta" which are exclusive day Spa's. Two such Spa's have been set up in Delhi during March, 2005.

Garment Exports

The sales of readymade garments also grew during the year. However margins were under pressure due to the strengthening of the rupee as well as a rise in input costs.

The quota regime having been abolished has simplified procedures in this segment. Although there is a keen interest in India from overseas buyers, margins are squeezed due to the competition from neighbouring countries.

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	No	2	None
Mr. H. K. Vakharia	Independent Non-executive	5	4	Yes	0	None
Mr. N. R. Mahalingam	Non-executive	5	5	Yes	1	None
Dr. S. D. Israni	Non-executive	5	4	Yes	2	3

(b) Number of Board Meetings held during the year 2004-2005

The Company held five Board Meetings during the year ended March 31, 2005. These were on May 31, 2004, July 30, 2004, October 29, 2004, January 27, 2005 and March 30, 2005.

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REPORT OF THE BOARD OF DIRECTORS

2. Details in respect of Last Four General Body Meetings

	I (AGM)	II (AGM)	III (AGM)	IV (AGM)
Date	30/07/2004	14/08/2003	29/08/2002	31/08/2001
Venue	Rachna Sansad 278, Shankar Ghanekar Marg Prabhadevi Mumbai – 25	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
Time	10.00 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.

4. General Shareholder Information

a) Annual General Meeting will be held on Friday, July 29, 2005 at 10.00 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025

b) Financial Year :

Results for quarter ending June 30, 2005	Last week of July, 2005
Annual General Meeting	Friday, July 29, 2005
Results for quarter ending September 30, 2005	Last week of October, 2005
Results for quarter ending December 31, 2005	Last week of January, 2006
Results for the year ending March 31, 2006	Before June 30, 2006

c) Date of Book Closure : Friday, July 22, 2005 to Friday, July 29, 2005 (both days inclusive)

d) Dividend Payment Date : Before August 27, 2005

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

f) Stock Code : 509472
SYMBOL : CRAVATEX LTD.
Demat ISIN : INE145E01017

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REPORT OF THE BOARD OF DIRECTORS

g) Market Price Data : (during Last Financial Year)
High : Rs.92.00 (18/01/2005)
Low : Rs.27.15 (07/04/2004)

h) Registrars & Share Transfer Agents

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

Regd Office :

Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400 099, Tel. No. 022 – 2821 5168, 2832 9828, 2821 5991, 2834 7719, 2834 8218, Fax No. 022 – 2837 5646, Email : sharepro@vsnl.com

Investor Relation Centre :

912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021, Tel.No. 022 – 2288 1568/69, 2282 5163, 2288 4527, Fax No. 022 – 2282 5484, Email : sharepro_services@roltanet.com

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	990140	76.63
Banks	160	0.01
Bodies Corporate (Other)	8882	0.69
NRI*	26003	2.01
Public	266895	20.66
Total	**1292080**	**100.00**

*Total Foreign shareholding in the company is 65123 (5.04%) of which 39120 (3.02%) is included in Indian Promoters.

k) Dematerialisation of shares and liquidity

Approximately 58.89 % of the total shareholding of the Company has been dematerialised as on June 3, 2005 out of which 57.55 % of shares are dematerialised under National Securities Depository Limited (NSDL) and 1.34 % shares under Central Depository Services (I) Limited (CDSL).

l) Plant Location :

177/5B, Billekahalli,
Bannerghatta Road,
Bangalore – 560 076

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