



# **CRAVATEX LIMITED**

ANNUAL REPORT 2005-06

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Paid-up Capital	<b>129.21</b>	129.21	129.21	129.21	129.21	129.21	129.21	67.20	67.20	67.20
Reserves and Surplus	<b>1054.39</b>	1058.27	1015.61	944.86	881.13	1199.19	1156.08	1120.47	1125.18	1129.70
Net Worth	<b>1183.59</b>	1187.48	1144.82	1074.07	1010.34	1328.40	1285.29	1187.67	1192.38	1196.90
Original Cost of Fixed Assets	<b>2194.99</b>	2131.34	1773.47	1783.92	1799.09	1971.47	1557.85	1426.44	1410.47	1362.59
Depreciation provided upto date	<b>767.85</b>	653.90	581.61	490.94	382.16	324.88	304.34	215.68	170.45	136.46
Net Block	<b>1427.13</b>	1477.43	1191.86	1292.99	1416.93	1646.59	1253.51	1210.75	1240.02	1226.13
Secured Loans Including deferred payment liability	<b>1110.24</b>	1001.23	610.87	719.19	792.32	981.67	362.45	253.17	13.87	16.86
Turnover (including export sales)	<b>4268.78</b>	4184.59	3756.40	3301.32	3222.68	1570.12	626.35	418.22	492.72	939.87
Earning before Taxes	<b>110.50</b>	155.82	165.27	89.73	96.77	80.07	61.52	32.26	25.46	38.38
Dividend	<b>38.76</b> <b>(30%)</b>	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%)

**CRAVATEX LIMITED**

**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**

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.

**54TH ANNUAL REPORT****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fifty-fourth Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 28, 2006 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, 2006 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. H. K. Vakharia who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. S. D. Israni 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, 2007 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.”

By Order of the Board of Directors

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

Place : Mumbai  
Dated : June 8, 2006

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## 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/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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 21, 2006 to Friday, July 28, 2006, 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, 1998 have been transferred to the 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, 1999 shall be transferred to the Investor Education and Protection Fund by November 5, 2006 in accordance with the provisions applicable therefor. Those members who have so far not encashed the dividend(s) from the year ended March 31, 1999, till the year ended March 31, 2005 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.
5. 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 by filing Form 2B in their own interest. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
6. The bank account particulars of the members will be printed on the dividend warrants. In respect of shares held in physical form, the bank account particulars should be sent to the Registrars and Share Transfer Agents of the Company.  
Members holding shares in demat form must give particulars of their bank account to their Depository Participant. The Registrars and Share Transfer Agents of the Company Sharepro 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 also held in demat form.
7. Payment of Dividend through ECS:
  - a) Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by July 20, 2006 to the Registrars and Share Transfer Agents of the Company.
  - b) Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
8. 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.

By Order of the Board of Directors  
**Kuldeep R. Sharma**  
 Company Secretary and  
 Head - Legal & IT

Place : Mumbai  
 Dated : June 8, 2006

**54TH 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, 2006.

	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
<b>FINANCIAL RESULTS</b>		
Earnings before Interest, Depreciation and Taxation	3,65,99,332	3,15,30,143
Less: Interest	1,41,36,469	68,63,524
Less: Depreciation	1,14,12,427	90,84,314
Leaving a Profit before taxation	1,10,50,436	1,55,82,305
Less: Provision for taxation	48,00,000	47,00,000
Less: Provision for fringe benefit tax	8,75,000	--
Less: Short / (Excess) Provision for earlier years	5,43,517	18,44,963
Profit after current Taxation	48,31,919	90,37,342
Adding thereto :		
Brought forward from previous year	91,73,197	87,94,401
Deferred Tax Credit	(8,00,917)	(7,38,846)
Available for appropriation	1,32,04,199	1,70,92,897
Less: Appropriations :		
General Reserve	5,00,000	35,00,000
Proposed Dividend	38,76,240	38,76,240
Provision for tax on proposed dividend	5,43,460	5,43,460
Balance to be carried forward	82,84,499	91,73,197

**OPERATIONS**

The turnover of the Company for the year under review has increased from Rs.4185 lacs to Rs.4269 lacs while the earnings before interest, depreciation and taxation stood at Rs.365 lacs as against Rs.315 lacs in last year. The Net Profit before tax for the year decreased from Rs.155 lacs to Rs.110 lacs. The balance carried forward to Balance Sheet is Rs.83 lacs as compared to Rs.92 lacs in the previous year.

**DIVIDEND**

The Directors are pleased to recommend dividend of 30% (previous year 30%) 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/-.

**CRAVATEX LIMITED****REPORT OF THE BOARD OF DIRECTORS****DEPOSITS**

The total Unsecured Loans and Deposits stood at Rs.2,76,05,000/- as on March 31, 2006 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. H.K. Vakharia and Dr. S.D. Israni are retiring by rotation and, being eligible, offer themselves for re-appointment.

**DEMATERIALISATION OF COMPANY'S SHARES**

Of the Company's total shareholding, 7,76,013 shares were held in dematerialised mode by the shareholders of the Company of which 7,45,005 shares were under National Securities Depository Limited (NSDL) and balance 31,008 shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2006.

**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 Indian economy grew with a substantial growth rate of over 7%. A substantial increase in foreign investment inflows reflected the growing confidence the international community had in the Indian Economy. Soaring oil prices which lead to rise in input costs are the only worrying factor for the future.

The key business segments for the Company are health, sports & footwear and readymade garments.

**Health, Sports & Footwear business**

Awareness of health and fitness amongst the Indian population is rising. As the demographics are changing, the average Indian is more aware of his health.



**54TH ANNUAL REPORT****REPORT OF THE BOARD OF DIRECTORS**

The Company has 40 outlets across India retailing fitness equipment for home use. The Company plans to increase the number of outlets to 80 in the next 24 months. The Company has also supplied products to various Hotels, Health clubs, Gymnasiums, Corporate and Housing Societies. With good product backing, a widespread retail network and a strong service set up, the Company is well poised to capitalise on the unfolding opportunities in this sector.

The sports and footwear distribution business have shown modest growth. During the year sales grew by 15%.

Profits were reduced due to the initial expenses on the spa business.

**Readymade Garments:**

The dismantling of the quota regime has thrown open large opportunities for the clothing sector in India. Most buyers are re-aligning their international strategies and besides quality, price and timely delivery, are working for integrated solutions. There is a constant pressure on margin and intense competition from countries like Sri Lanka, China, Pakistan, Bangladesh in the region and also Greece and Turkey in the European Union.

The Company was able to improve margins on a lower turnover compared to the previous 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	4	4	No	5	None
Mr. Arjun Bulchandani	Independent Non-executive	4	3	No	None	None
Mr. Rajiv Batra	Promoter	4	0	No	2	None
Mr. H. K. Vakharia	Independent Non-executive	4	3	Yes	None	None
Mr. N. R. Mahalingam	Non-executive	4	4	Yes	1	None
Dr. S. D. Israni	Non-executive	4	4	No	2	3
Mr. Nabankur Gupta	Non-executive	4	4	Yes	6	1

**b) Details of Remuneration**

The details of sitting fees paid to the Directors during the financial year 2005-06 are given below :-

Name	No. of Meetings	Sitting Fees (Rs.)
	Attended	
Mr. Rajesh Batra	4	20,000/-
Mr. Arjun Bulchandani	3	15,000/-
Mr. Rajiv Batra	0	NIL
Mr. H. K. Vakharia	3	15,000/-
Mr. N. R. Mahalingam	4	20,000/-
Dr. S.D. Israni	4	20,000/-
Mr. Nabankur Gupta	4	20,000/-



**CRAVATEX LIMITED****REPORT OF THE BOARD OF DIRECTORS****(c) Number of Board Meetings held during the year 2005-2006**

The Company held four Board Meetings during the year ended March 31, 2006. These were on June 17, 2005, July 29, 2005, October 27, 2005, and January 30, 2006.

**2. Details in respect of Last Three General Body Meetings**

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

	<b>I (AGM)</b>	<b>II (AGM)</b>	<b>III (AGM)</b>
Date	29/07/2005	30/07/2004	14/08/2003
Venue	Textiles Committee P. Balu Road Prabhadevi Chowk Prabhadevi Mumbai – 25	Rachna Sansad 278, Shankar Ghanekar Marg Prabhadevi Mumbai – 25	Rachna Sansad 278, Shankar Ghanekar Marg Prabhadevi Mumbai – 25
Time	10.00 a.m.	10.00 a.m.	11.00 a.m.

(b) Whether any Special Resolution/s were passed in the previous three AGMs?

No

(c) Whether any Special Resolution/s were passed last year through postal ballot - Details of voting pattern.

No

(d) Whether any Special Resolution/s is proposed to be conducted through postal ballot this year ?

No

**3. Subsidiaries**

The Company does not have any Subsidiary.

**4. 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.

**5. General Shareholder Information**

a) Annual General Meeting will be held on Friday, July 28, 2006 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, 2006

Last week of July, 2006

Annual General Meeting

Friday, July 29, 2006

Results for quarter ending September 30, 2006

Last week of October, 2006

Results for quarter ending December 31, 2006

Last week of January, 2007

Results for the year ending March 31, 2007

Before June 30, 2007

c) Date of Book Closure : Friday, July 21, 2006  
To  
Friday, July 28, 2006  
(both days inclusive)

**54TH ANNUAL REPORT****REPORT OF THE BOARD OF DIRECTORS**

- d) Dividend Payment Date : Before August 26, 2006
- e) Listing on Stock Exchange: Company's shares are listed on Bombay Stock Exchange
- f) Scrip Code : 509472  
Scrip ID : CRAVATEX  
Demat ISIN : INE145E01017
- g) Market Price Data : High : Rs.133.00 (01/09/2005)  
(during Last Financial Year) Low : Rs.65.40 (29/12/2005)
- h) Registrars & Share Transfer Agents  
M/s. Sharepro Services (India) Pvt. Ltd.

**Regd Office :**

Satam Estate, 3<sup>rd</sup> 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@roitanet.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 as on March 31, 2006

No. of equity Share held	No. of Shareholders	% of shareholders	No. of share held	% of shareholding
Less than 500	2127	96.85	144459	11.18
501 to 1000	24	1.09	17348	1.34
1001 to 2000	14	0.64	19135	1.48
2001 to 3000	6	0.27	13533	1.05
3001 to 4000	4	0.18	14575	1.13
4001 to 5000	2	0.09	9200	0.71
5001 to 10000	6	0.27	41720	3.23
10001 and above	13	0.60	1032110	79.88
<b>Total</b>	<b>2196</b>	<b>100.00</b>	<b>1292080</b>	<b>100.00</b>

**Shareholding Pattern as on March 31, 2006**

Category	No. of Shares	%
Promoters	990140	76.63
Banks	0	0.00
Bodies Corporate (Other)	12652	0.98
NRI*	26007	2.01
Public	263281	20.38
<b>Total</b>	<b>1292080</b>	<b>100.00</b>

\*Total Foreign shareholding in the company is 65127 (5.04%) of which 39120 (3.02%) is included in Indian Promoters.