

# ANNUAL REPORT 2006-07

**CRAVATEX LIMITED**

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## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
Paid-up Capital	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21	67.20	67.20
Reserves and Surplus	1138.38	1054.38	1058.27	1015.61	944.86	881.13	1199.19	1156.08	1120.47	1125.18
Net Worth	1267.59	1183.59	1187.48	1144.82	1074.07	1010.34	1328.40	1285.29	1187.67	1192.38
Original Cost of Fixed Assets	2221.18	2194.99	2131.34	1773.47	1783.92	1799.09	1971.47	1557.85	1426.44	1410.47
Depreciation provided upto date	871.62	767.85	653.90	581.61	490.94	382.16	324.88	304.34	215.68	170.45
Net Block	1349.56	1427.13	1477.43	1191.86	1292.99	1416.93	1646.59	1253.51	1210.75	1240.02
Secured Loans including deferred payment liability	992.14	1110.24	1001.23	610.87	719.19	792.32	981.67	362.45	253.17	13.87
Turnover (including export sales)	4762.98	4268.78	4184.59	3756.40	3301.32	3222.68	1570.12	626.35	418.22	492.72
Earning before Taxes	159.95	110.50	155.82	165.27	89.73	96.77	80.07	61.52	32.26	25.46
Dividend	45.22 (35%)	38.76 (30%)	38.76 (30%)	32.30 (25%)	28.43 (22%)	17.54 (20%)	34.89 (27%)	16.80 (25%)	16.80 (25%)	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

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

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.

### Registrars & Share Transfer Agents

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

*Registered 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

**55TH ANNUAL REPORT****NOTICE OF ANNUAL GENERAL MEETING****NOTICE**

NOTICE is hereby given that the Fifty-fifth Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 27, 2007 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, 2007 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, 2008 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, 2007

**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 Friday, July 20, 2007 to Friday, July 27, 2007, 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.

**NOTICE OF ANNUAL GENERAL MEETING**

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, 1999 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, 2000 shall be transferred to the Investor Education and Protection Fund in accordance with the provisions applicable therefor.

Those members who have so far not encashed the dividend(s) from the year ended March 31, 2000, till the year ended March 31, 2006 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 & 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 & Share Transfer Agents of the Company will not act on any such request received from the members for change in their bank account particulars. Further, instruction given by the 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 19, 2007 to the Registrars & 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, 2007

**55TH 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, 2007.

	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
<b>FINANCIAL RESULTS</b>		
Earnings before Interest, Depreciation and Taxation	<b>4,06,47,834</b>	3,65,99,332
Less: Interest	<b>1,41,83,576</b>	1,41,36,469
Less: Depreciation	<b>1,04,68,794</b>	1,14,12,427
Leaving a Profit before Taxation	<b>1,59,95,464</b>	1,10,50,436
Less: Provision for Taxation	<b>71,00,000</b>	48,00,000
Less: Provision for Fringe Benefit Tax	<b>7,50,000</b>	8,75,000
Less: Short/(Excess) Provision for Earlier Years	<b>(28,09,212)</b>	5,43,517
Profit after Current Taxation	<b>1,09,54,676</b>	48,31,919
Adding thereto:		
Brought forward from Previous Year	<b>82,84,499</b>	91,73,197
Deferred Tax Credit/(Debit)	<b>23,48,533</b>	(8,00,917)
Available for Appropriation	<b>2,15,87,708</b>	1,32,04,199
Less: Appropriations:		
General Reserve	<b>15,00,000</b>	5,00,000
Proposed Dividend	<b>45,22,280</b>	38,76,240
Provision for Tax on Proposed Dividend	<b>7,68,790</b>	5,43,460
Balance to be carried forward	<b>1,47,96,638</b>	82,84,499

**OPERATIONS**

The turnover of the Company for the year under review has increased from Rs. 4,269 lacs to Rs. 4,763 lacs while the earnings before interest, depreciation and taxation stood at Rs. 406 lacs as against Rs. 366 lacs in last year. The Net Profit before tax for the year increased from Rs. 110 lacs to Rs. 160 lacs. The balance carried forward to Balance Sheet is Rs. 148 lacs as compared to Rs. 83 lacs in the previous year.

**DIVIDEND**

The Directors are pleased to recommend enhanced dividend of 35% (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. 45,22,280/-.

**REPORT OF THE BOARD OF DIRECTORS****DEPOSITS**

The total Unsecured Loans and Deposits stood at Rs. 2,68,55,000/- as on March 31, 2007 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. 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, 7,83,538 shares were held in dematerialised mode by the shareholders of the Company of which 7,55,160 shares were under National Securities Depository Limited (NSDL) and balance 28,378 shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2007.

**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 witnessed robust growth during 2006-07 for the fourth year in succession. The Gross Domestic Product (GDP) growth accelerated from 9.0 per cent in 2005-06 to 9.4 per cent in 2006-07.

**55TH ANNUAL REPORT****REPORT OF THE BOARD OF DIRECTORS**

The acceleration in growth during 2006-07 was driven by the continued momentum in the services and the manufacturing sectors, both of which recorded double-digit growth. 'Agriculture and allied activities' growth, however, slowed down from 6.0 per cent in 2005-06 to 2.7 per cent in 2006-07.

The key business segments for the Company are Health & Fitness and Sports & Footwear.

**Health & Fitness and Sports and Footwear Business**

The Company currently has a network of 44 exclusive Fitness Showrooms across India.

Additionally, the Company, through its network of Distributors and Dealers, is geared up to provide complete solution for fitness equipment including layout planning, selection of equipment & installation. This is backed by nationwide service support, unmatched by any other player in the market.

The Company continues to supply fitness equipment to Health Clubs & Gyms, Corporates, Hotels and Resorts as also to Housing Societies.

The sports and footwear distribution business have shown modest growth. During the year sales grew by 16%.

**(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	4	4	Yes	5	2
Mr. Arjun Bulchandani	Independent Non-executive	4	3	Yes	None	None
Mr. Rajiv Batra	Promoter	4	0	No	2	None
Mr. H. K. Vakharia	Independent Non-executive	4	4	Yes	None	None
Mr. N. R. Mahalingam	Non-executive	4	4	Yes	1	None
Dr. S. D. Israni	Independent Non-executive	4	4	Yes	3	3
Mr. Nabankur Gupta	Non-executive	4	4	Yes	6	2

**REPORT OF THE BOARD OF DIRECTORS****(b) Details of Remuneration:**

The details of sitting fees paid to the Directors during the financial year 2006-07 are given below:

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

**(c) Number of Board Meetings held during the year 2006-2007:**

The Company held four Board Meetings during the year ended March 31, 2007. These were on June 8, 2006, July 28, 2006, October 31, 2006 and January 31, 2007.

**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	28/07/2006	29/07/2005	30/07/2004
Venue	Textile Committee Auditorium P. Balu Road Prabhadevi Chowk Prabhadevi Mumbai - 400 025	Textile Committee Auditorium P. Balu Road Prabhadevi Chowk Prabhadevi Mumbai - 400 025	Rachna Sansad 278, Shankar Ghanekar Marg Prabhadevi Mumbai - 400 025
Time	10.00 a.m.	10.00 a.m.	10.00 a.m.

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

No

**(c) Whether any Special Resolutions were passed last year through postal ballot – Details of voting pattern.**

No

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

No

**3. Subsidiaries**

The Company does not have any Subsidiary.

**55TH ANNUAL REPORT****REPORT OF THE BOARD OF DIRECTORS****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 27, 2007 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, 2007	Last week of July, 2007
Annual General Meeting	Friday, July 27, 2007
Results for quarter ending September 30, 2007	Last week of October, 2007
Results for quarter ending December 31, 2007	Last week of January, 2008
Results for the year ending March 31, 2008	Before June 30, 2008

(c) Date of Book Closure : Friday, July 20, 2007  
to  
Friday, July 27 2007  
(both days inclusive)

(d) Dividend Payment Date : Before August 25, 2007

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

(f) Stock Code : 509472  
Scrip ID : CRAVATEX  
Demat ISIN : INE145E01017

(g) Market Price Data : High : Rs. 117.00 (19/01/2007)  
(during Last Financial Year) Low : Rs. 53.00 (11/08/2006)

(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, 2834 8218, 2832 9828, 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, 2284 4668, 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