

CRAVATEX LIMITED

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ANNUAL REPORT 2007-08

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Paid-up Capital	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21	67.20
Reserves and Surplus	1,210.16	1,138.38	1,054.38	1,058.27	1,015.61	944.86	881.13	1,199.19	1,156.08	1,120.47
Net Worth	1,339.37	1,267.59	1,183.59	1,187.48	1,144.82	1,074.07	1,010.34	1,328.40	1,285.29	1,187.67
Original Cost of Fixed Assets	2,149.61	2,221.18	2,194.99	2,131.34	1,773.47	1,783.92	1,799.09	1,971.47	1,557.85	1,426.44
Depreciation provided upto date	858.53	871.62	767.85	653.90	581.61	490.94	382.16	324.88	304.34	215.68
Net Block	1,291.08	1,349.56	1,427.13	1,477.43	1,191.86	1,292.99	1,416.93	1,646.59	1,253.51	1,210.75
Secured Loans including deferred payment liability	948.04	992.14	1,110.24	1,001.23	610.87	719.19	792.32	981.67	362.45	253.17
Turnover (including export sales)	5,061.56	4,762.98	4,268.78	4,184.59	3,756.40	3,301.32	3,222.68	1,570.12	626.35	418.22
Earning before Taxes	216.22	159.95	110.50	155.82	165.27	89.73	96.77	80.07	61.52	32.26
Dividend	45.22 (35%)	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%)

CRAVATEX LIMITED

BOARD OF DIRECTORS AND GENERAL INFORMATION

Board of Directors

Rajesh Batra : *Chairman*
 N. R. Mahalingam
 Arjun Bulchandani
 Rajiv Batra (Ceased to be Director w.e.f. 7.5.2008)
 H. K. Vakharia
 S. D. Israni
 Nabankur Gupta
 Rajiv Wallia (Appointed w.e.f. 12.6.2008)

Bankers

Axis 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.

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.

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.

56TH ANNUAL REPORT**NOTICE OF ANNUAL GENERAL MEETING****NOTICE**

NOTICE is hereby given that the Fifty-sixth Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 25, 2008 at 10.30 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, 2008 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, 2009 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 a Special Resolution:

"RESOLVED THAT, pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by insertion of following new article 233A after the existing article 233 to the Articles of Association of the Company:

Article 233A:

"The Provisions of Article 228 to 232 of the Articles of Association of the Company shall mutatis mutandis be applicable to the Wholtime Director of the Company."

8. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Rajiv Wallia, who was appointed as Additional Director of the Company under Section 260 of the Companies Act, 1956 and Article 185 of the Articles of Association of the Company, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

9. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as a Special Resolution:

CRAVATEX LIMITED**NOTICE OF ANNUAL GENERAL MEETING**

"RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the approval of Central Government, if required, the Company hereby approves the appointment of Mr. Rajiv Wallia as a Whole-time Director designated as Executive Director of the Company for a period of three years with effect from June 12, 2008 upon following terms and conditions:

- (a) Remuneration of Rs. 38.00 lacs per annum which shall be inclusive of the usual allowances, benefits, amenities, perquisites and facilities as per the rules of the Company for the time being in force, but excluding contribution to provident fund & superannuation fund, gratuity and leave encashment.
- (b) The Board of Directors shall have the authority to sanction, at its discretion, annual increase in the remuneration payable to Mr. Rajiv Wallia as it may deem fit and proper based on the performance of the Company, performance of Mr. Rajiv Wallia as also the salary structure prevailing in the industry for a similar position PROVIDED HOWEVER THAT each such increase in remuneration shall not exceed 30% of the last drawn remuneration of Mr. Rajiv Wallia during his tenure of three years.
- (c) Notwithstanding anything contained herein, Mr. Rajiv Wallia shall be entitled to minimum remuneration of Rs. 30.00 lacs per annum or Rs. 2.50 lacs per month, in terms of Para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time or under the Companies Act as may be recodified.
- (d) Mr. Rajiv Wallia, as Executive Director, shall have the overall responsibility for the operations of the Company and shall carry out such functions, exercise such powers and perform such duties as the Board may, from time to time, in its absolute discretion, determine and entrust to him.
- (e) Mr. Rajiv Wallia shall not be paid any sitting fees for attending Meetings of the Board or any Committee thereof.
- (f) Mr. Rajiv Wallia will be bound by non-compete and confidentiality provisions.
- (g) Mr. Rajiv Wallia shall cease to be a Director if he ceases to be the Whole-time Director and vice-versa.
- (h) Either party shall be entitled to terminate the employment by giving not less than six calendar months prior notice in writing in that behalf to the other party."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this resolution as may be deemed to be in the best interests of the Company."

10. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 314 (1B) of the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003, the Company hereby give its consent to Ms. Divya Batra, daughter of Mr. Rajesh Batra, Director of the Company, holding an office or place of profit as Marketing Manager in the Company effective May 7, 2008, on a monthly remuneration of Rs. 30,000 together with the usual allowances, benefits, amenities and facilities applicable to employees occupying similar post within the same salary scale or grade with authority to the Board of Directors to sanction, at their discretion, increments within the grade as they may deem fit and proper and to sanction at their discretion and in due course, promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such grade or grades and to give increments as they may deem

56TH ANNUAL REPORT**NOTICE OF ANNUAL GENERAL MEETING**

fit, PROVIDED HOWEVER THAT such increased remuneration does not exceed Rs. 50,000/- per month or such amount as may be provided under the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003."

"RESOLVED FURTHER THAT Ms. Divya Batra shall be in exclusive employment of the Company and will not hold a place of profit in any other Company during the period of her tenure."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this resolution as may be deemed to be in the best interests of the Company."

By Order of the Board of Directors

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

Place : Mumbai
Dated : June 12, 2008

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. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business proposed to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 18, 2008 to Friday, July 25, 2008, both days inclusive.
4. 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.
5. 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, 2000 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, 2001 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, 2001, till the year ended March 31, 2007 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

NOTICE OF ANNUAL GENERAL MEETING

6. 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.
7. 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 Registrar & Share Transfer Agents of the Company.

Members holding shares in demat form must give particulars of their bank account to their Depository Participant. The Registrar & 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 members for shares held in physical form would not be applicable to the dividend paid on shares also held in demat form.

8. 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 17, 2008 to the Registrar & 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.
9. 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 12, 2008

56TH ANNUAL REPORT**NOTICE OF ANNUAL GENERAL MEETING****Explanatory Statement under Section 173 (2) of the Companies Act, 1956****Item No. 7**

Articles 228 to 232 of the Articles of Association of the Company provide for appointment, remuneration, powers & duties etc of Managing Director/Joint Managing Director. It is proposed to have similar provision for Whole-time Directors of the Company by insertion of new article 233A in the Articles of Association of the Company.

Accordingly, the resolution mentioned in Item No. 7 of the Notice is being proposed for approval of Members.

None of the Directors of the Company are concerned or interested in the proposed resolution.

Item No. 8

Mr. Rajiv Wallia who joined the Company on October 1, 2000 as Chief Executive was appointed by the Board of Directors (the Board) with effect from June 12, 2008 as an Additional Director in terms of Section 260 of the Companies Act, 1956 and Article 185 of the Company's Articles of Association. He holds office as a Director only up to the date of this Annual General Meeting but is eligible for re-appointment. As required under Section 257 of the Act, a notice in writing along with the requisite deposit has been received from a member signifying his intention to propose the aforesaid individual as Director of the Company at this Annual General Meeting.

Mr. Rajiv Wallia, 52, is a commerce graduate having Diploma in Marketing Management (D.M.M) from Jammalal Bajaj Institute of Management Studies, Mumbai and has more than three decades of experience in sales & marketing to his credit.

Prior to joining the Company, since January 1, 1996 he was employed as Chief Executive with Proline India Limited, an associate company.

Mr. Wallia has handled various managerial assignments in large companies like Videocon International Limited, Kelvinator of India Ltd., Escorts Ltd., Voltas Ltd., Ceat Tyres of India Ltd. etc. Mr. Wallia brings with him a combination of proven managerial skill and experience of handling a variety of products ranging from tyres, refrigerators, motorcycles, electronic equipments, footwear & fitness equipment.

He does not hold any shares in the Company.

He is not a Director in any other company nor is he a member of any Board Committee of any company.

Accordingly, the resolution mentioned in Item No. 8 of the Notice is being proposed for approval of Members.

Except Mr. Rajiv Wallia, none of the Directors of the Company is concerned or interested in the proposed resolution.

Item No. 9

The Company had considered the appointment of Mr. Rajiv Wallia, Chief Executive, as Whole-time Director designated as Executive Director for a period of three years on a remuneration of Rs. 38.00 lacs per annum. The Remuneration Committee of Directors, in its meeting held on June 12, 2008, considered the qualifications and work experience of Mr. Rajiv Wallia for appointment as Whole-time Director designated as Executive Director as also the responsibilities attached thereto. The Committee also noted that Mr. Rajiv Wallia, as Chief Executive was drawing remuneration of Rs. 38.00 lacs per annum and that it was proposed to appoint him as Executive Director on the same remuneration. The Committee also considered the fairness and reasonableness of the remuneration proposed to be paid to Mr. Rajiv Wallia in accordance with the remuneration prevalent in the industry for the similar position.

NOTICE OF ANNUAL GENERAL MEETING

Accordingly, the Remuneration Committee had approved, subject to approval of Board of Directors, Members in General Meeting and approval of Central Government, the appointment of Mr. Rajiv Wallia as Whole time Director of the Company designated as Executive Director for a period of three years effective June 12, 2008 on the following terms and conditions:

- (a) Remuneration of Rs. 38.00 lacs per annum which shall be inclusive of the usual allowances, benefits, amenities, perquisites and facilities as per the rules of the Company for the time being in force, but excluding contribution to provident fund & superannuation fund, gratuity and leave encashment.
- (b) The Board of Directors shall have the authority to sanction, at its discretion, annual increase in the remuneration payable to Mr. Rajiv Wallia as it may deem fit and proper based on the performance of the Company, performance of Mr. Rajiv Wallia as also the salary structure prevailing in the industry for a similar position PROVIDED HOWEVER THAT each such increase in remuneration shall not exceed 30% of the last drawn remuneration of Mr. Rajiv Wallia during his tenure of three years.
- (c) Notwithstanding anything contained herein, Mr. Rajiv Wallia shall be entitled to minimum remuneration of Rs. 30.00 lacs per annum or Rs. 2.50 lacs per month, in terms of Para 1 of Section II of Part II of Schedule XIII to the Companies Act 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time or under the Companies Act as may be recodified.
- (d) Mr. Rajiv Wallia, as Executive Director, shall have the overall responsibility for the operations of the Company and shall carry out such functions, exercise such powers and perform such duties as the Board may, from time to time, in its absolute discretion, determine and entrust to him.
- (e) Mr. Rajiv Wallia shall not be paid any sitting fees for attending Meetings of the Board or any Committee thereof.
- (f) Mr. Rajiv Wallia will be bound by non-compete and confidentiality provisions.
- (g) Mr. Rajiv Wallia shall cease to be a Director if he ceases to be the Wholetime Director and vice-versa.
- (h) Either party shall be entitled to terminate the employment by giving not less than six calendar months prior notice in writing in that behalf to the other party."

In terms of provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, the appointment of Mr. Rajiv Wallia as whole time Director on remuneration of Rs. 38.00 lacs per annum requires approval of Members by Special Resolution and approval of Central Government.

Accordingly, the resolution mentioned in Item No. 9 of the Notice is being proposed for approval of Members.

Except Mr. Rajiv Wallia, none of the Directors of the Company is concerned or interested in the proposed resolution.

The terms as mentioned above should be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No. 10

The Company had considered Ms. Divya Batra, relative of Mr. Rajesh Batra, Director, for appointment as Marketing Manager effective May 7, 2008 on a monthly remuneration of Rs. 30,000. The Selection Committee of the Independent Directors had, in its meeting held on May 6, 2008, considered the qualifications and work experience of Ms. Divya Batra for the position of Marketing Manager as also the responsibilities attached thereto. The Committee also considered the fairness and reasonableness of the remuneration proposed to be paid to Ms. Divya Batra in accordance with the remuneration paid to other similar placed executives in the Company as well as in the industry.

56TH ANNUAL REPORT**NOTICE OF ANNUAL GENERAL MEETING**

Accordingly, the Selection Committee had approved, subject to approval of Members in General Meeting, the appointment of Ms. Divya Batra as Marketing Manager in the Company effective May 7, 2008, on a monthly remuneration of Rs. 30,000 together with the usual allowances, benefits, amenities and facilities applicable to employees occupying similar post within the same salary scale or grade with authority to the Board of Directors to sanction, at their discretion, increments within the grade as they may deem fit and proper and to sanction at their discretion and in due course, promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such grade or grades and to give increments as they may deem fit, PROVIDED HOWEVER THAT such increased remuneration does not exceed Rs. 50,000 per month.

In terms of provision of Section 314 (1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 the appointment of Ms. Divya Batra on a monthly remuneration of Rs. 30,000 as above requires approval of Members by Special Resolution.

Accordingly, the resolution mentioned in Item No. 10 of the Notice is being proposed for approval of Members.

Except Mr. Rajesh Batra, being relative of Ms. Divya Batra, none of the Directors of the Company is concerned or interested in the proposed resolution.

The logo for Report Junction.com is centered on the page. It features the word "Report" in a grey sans-serif font, followed by a yellow diamond icon containing a black upward-pointing arrow, and then the word "junction.com" in a green sans-serif font. The entire logo is enclosed within a light green rounded rectangular border.