

# **CRAVATEX LIMITED**



**ANNUAL REPORT 2008-09**

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Paid-up Capital	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21
Reserves and Surplus	1,364.81	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
Net Worth	1,494.02	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
Original Cost of Fixed Assets	2,120.93	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
Depreciation provided upto date	904.11	858.53	871.62	767.85	653.90	581.61	490.94	382.16	324.88	304.34
Net Block	1,216.81	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
Secured Loans including deferred payment liability	843.27	948.04	992.14	1,110.24	1,001.23	610.87	719.19	792.32	981.67	362.45
Turnover (including export sales)	4,423.85	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
Earning before Taxes	266.45	216.22	159.95	110.50	155.82	165.27	89.73	96.77	80.07	61.52
Dividend	45.22 (35%)	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%)

**BOARD OF DIRECTORS AND GENERAL INFORMATION**

**Board of Directors**

Rajesh Batra : *Chairman*  
N. R. Mahalingam  
Arjun Bulchandani  
H. K. Vakharia  
S. D. Israni  
Nabankur Gupta  
Rajiv Wallia : *Executive Director*

**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:*

13 AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072.

*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. Please address all correspondence regarding share transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.

## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE

NOTICE is hereby given that the Fifty-seventh Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 17, 2009 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, 2009 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. Nabankur Gupta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. H.K. Vakharia 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, 2010 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 314 of the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003, the Company hereby give its consent to Mr. Rohan Batra, son of Mr. Rajesh Batra, Director of the Company, holding an office or place of profit as Manager – Operations in the Company effective July 1, 2009, on a monthly remuneration of Rs.25,000/-, 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 or such maximum amount as may be provided under the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003 from time to time.”

“RESOLVED FURTHER THAT Mr. Rohan 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 his tenure.”

## **NOTICE OF ANNUAL GENERAL MEETING**

“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 3, 2009

### **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 10, 2009 to Friday, July 17, 2009, 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, 2001 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, 2002 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, 2002, till the year ended March 31, 2008 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

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.

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### NOTICE OF ANNUAL GENERAL MEETING

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 9, 2009 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 3, 2009

## **NOTICE OF ANNUAL GENERAL MEETING**

### **Explanatory Statement under Section 173 (2) of the Companies Act, 1956**

#### **Item No. 7**

The Selection Committee, at its meeting held on June 12, 2008 had approved the appointment of Mr. Rohan Batra, son of Mr. Rajesh Batra, on a monthly remuneration of Rs.19,500/- with authority to the Board to grant, from time to time, to Mr. Rohan Batra such increment or increments as it may, in its discretion think fit, provided that, his total monthly remuneration shall not exceed Rs.20,000/- or such amount as may be provided under the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003.

Considering the industry pay scale as well as employees occupying similar position in the Company, the Board of Directors, in its meeting held on June 3, 2009, had approved, subject to approval of Members in General Meeting by Special Resolution, Mr. Rohan Batra holding office or place of profit as Manager – Operations in the Company effective July 1, 2009, on a monthly remuneration of Rs.25,000/-, 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 or such maximum amount as may be provided under the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003 from time to time.

In terms of provision of Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the payment of monthly remuneration of Rs.25,000/- as above requires approval of Members by Special Resolution.

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

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

By Order of the Board of Directors

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

Place : Mumbai  
Dated : June 3, 2009

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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, 2009.

	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
<b>FINANCIAL RESULTS</b>		
Earnings before Interest, Depreciation and Taxation	<b>4,76,35,033</b>	4,49,59,940
Less: Interest	<b>1,23,77,069</b>	1,38,37,426
Less: Depreciation	<b>86,12,523</b>	95,00,003
Leaving a Profit before Taxation	<b>2,66,45,441</b>	2,16,22,511
Provision for Taxation:		
Current Tax	<b>(70,00,000)</b>	(1,00,00,000)
Fringe Benefit Tax	<b>(9,00,000)</b>	(7,50,000)
Deferred Tax Credit/(Debit)	<b>(3,86,950)</b>	15,96,826
(Short)/Excess Provision for Earlier Years	<b>1,12,868</b>	—
Profit after Current Taxation	<b>1,84,71,359</b>	1,24,69,337
Adding thereto:		
Brought forward from Previous Year	<b>1,69,74,905</b>	1,47,96,638
Available for Appropriation	<b>3,54,46,264</b>	2,72,65,975
Less Appropriations:		
Provision for Proposed Dividend	<b>45,22,280</b>	45,22,280
Provision for Tax on Proposed Dividend	<b>7,68,790</b>	7,68,790
General Reserve	<b>50,00,000</b>	50,00,000
Balance to be carried forward	<b>2,51,55,194</b>	1,69,74,905

### OPERATIONS

The turnover of the Company for the year under review has marginally decreased from Rs. 5,062 lacs to Rs.4,424 lacs while the earnings before interest, depreciation and taxation stood at Rs.476 lacs as against Rs.450 lacs in last year. The Net Profit before tax for the year increased from Rs.216 lacs to Rs.266 lacs. The balance carried forward to Balance Sheet is Rs.251 lacs as compared to Rs.170 lacs in the previous year.

### DIVIDEND

The Directors are pleased to maintain dividend at 35% 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.

### DEPOSITS

The total Unsecured Loans and Deposits stood at Rs.2,42,75,000/- as on March 31, 2009 and there were no unclaimed deposits as on that date. The Company has repaid all the Deposits on due dates.



## **REPORT OF THE BOARD OF DIRECTORS**

### **ASSETS**

The fixed assets of the Company have been adequately insured.

### **DIRECTORS**

Mr. Nabankur Gupta and Mr. H.K. Vakharia are retiring by rotation and, being eligible, offer themselves for re-appointment.

### **DEMATERIALISATION OF COMPANY'S SHARES**

Of the Company's total shareholding, 7,93,803 shares were held in dematerialised mode by the shareholders of the Company of which 7,65,804 shares were under National Securities Depository Limited (NSDL) and balance 27,999 shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2009.

### **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 And Business Environment:***

The global financial crisis interrupted the growth momentum of India, despite the strong dominance of domestic sources of growth. There was clear moderation in growth by the third quarter of 2008-09. In relation to the agricultural sector, industry and services sectors have been affected more by the adverse external shocks, with some contribution to their growth deceleration arising from cyclical slowdown in certain sectors after a prolonged phase of high growth.

Like all emerging economies, India too has been impacted by the crisis, and much more than was expected earlier. GDP growth has moderated reflecting lower industrial production, negative exports, deceleration in services activities, dented corporate margins and diminished business confidence. There are some comforting factors like well-functioning financial markets, robust rural demand, lower headline

## REPORT OF THE BOARD OF DIRECTORS

inflation and comfortable foreign exchange reserves which buffered us from the worst impact of the crisis. The fiscal stimulus packages of the Government and monetary easing and regulatory action of the Reserve Bank have helped to arrest the moderation in growth and keep our financial markets functioning normally.

### **Health & Fitness and Sports & Footwear business:**

The Company currently has a network of 51 exclusive Fitness Showrooms across India, after having closed a few non-performing stores and opening some new stores.

The Company, through its network of above Showrooms and Dealers, continued to provide complete solutions for customers including layout planning, selection from range of equipments & installation, backed by unmatched nationwide service support.

The Company continues to supply fitness equipments to all consumers including Health Clubs, Gyms, Corporates, Hotels, Resorts, Housing Societies etc..

The sports and footwear distribution performed as per business plan for the year.

### **(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	4	2
Mr. Arjun Bulchandani	Independent Non-executive	5	3	Yes	None	None
Mr. Rajiv Batra*	Promoter	1	0	No	1	None
Mr. H. K. Vakharia	Independent Non-executive	5	5	Yes	None	None
Mr. N. R. Mahalingam	Independent Non-executive	5	5	Yes	1	2
Dr. S. D. Israni	Independent Non-executive	5	5	Yes	2	5
Mr. Nabankur Gupta	Independent Non-executive	5	5	Yes	8	8
Mr. Rajiv Wallia	Executive	3	3	Yes	None	None

\* ceased to be director w.e.f. 07.05.2008