

BOARD OF DIRECTORS AND GENERAL INFORMATION

Board of Directors

Rajesh Batra	: <i>Chairman & Managing Director</i>
Arjun Bulchandani	
H. K. Vakharia	
N. R. Mahalingam	
S. D. Israni	
Nabankur Gupta	
Rajiv Batra	: (Appointed w.e.f. 12/8/2011)
N. Santhanam	: (Appointed w.e.f. 10/2/2012)

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Bankers

Axis Bank Limited

Company Secretary

Sudhanshu Namdeo

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 (East), Mumbai – 400 072.

Investor Relation Centre:

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

- 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.
- Shareholders are requested to bring their copy of Annual Report to the Meeting as the practice of handing out copies of Annual Report at the Annual General Meeting has been discontinued.
- Please address all correspondence regarding share transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Paid-up Capital	258.42	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21
Reserves and Surplus	2827.19	2235.93	1665.70	1364.81	1210.16	1138.38	1054.38	1058.27	1015.61	944.86
Net Worth	3085.60	2365.14	1794.91	1494.02	1339.37	1267.59	1183.59	1187.48	1144.82	1074.07
Fixed Assets	2245.45	2138.88	2053.74	2120.93	2149.61	2221.18	2194.99	2131.34	1773.47	1783.92
Depreciation	992.70	902.79	818.16	904.11	858.53	871.62	767.85	653.90	581.61	490.94
Net Block	1252.75	1236.09	1235.58	1216.81	1291.08	1349.56	1427.13	1477.43	1191.86	1292.99
Turnover	15657.98	9124.36	5844.95	4423.85	5061.56	4762.98	4268.78	4184.59	3756.40	3301.32
Earning before Taxes	1199.08	926.51	702.61	266.45	216.22	159.95	110.50	155.82	165.27	89.73
Dividend	90.45 (35%)	64.60 (50%)	58.14 (45%)	45.22 (35%)	45.22 (35%)	45.22 (35%)	38.76 (30%)	38.76 (30%)	32.30 (25%)	28.43 (22%)
Earning Per Share	31.95	49.94	28.55	14.30	9.65	10.30	3.12	6.42	9.25	7.41

NOTICE OF ANNUAL GENERAL MEETING**NOTICE**

NOTICE is hereby given that the Sixtieth Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Tuesday, August 14, 2012 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, 2012 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 for the year ended March 31, 2012.
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. H.K. Vakharia who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. S.D. Israni who retires by rotation and, being eligible, offers himself for re-appointment.
6. 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. (Registration No.101911W), 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.”

7. 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, 2013 in respect of the branch of the Company at Bangalore, be audited by M/s. M. R. Jayaprakash & Associates (Registration No.007319S), Chartered Accountants, on such terms and conditions as may be decided by the Board of Directors.”

SPECIAL BUSINESS

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 Batra, who was appointed as an 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 a Director of the Company, liable to retirement by rotation.”

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

“RESOLVED THAT Mr. N. Santhanam, who was appointed as an 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 a Director of the Company, liable to retirement by rotation.”

By Order of the Board of Directors

Sudhanshu Namdeo
Company Secretary

Place : Mumbai
Dated : May 25, 2012

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 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 Tuesday, August 7, 2012 to Tuesday, August 14, 2012 (both days inclusive).
4. Members holding shares in demat form are requested to notify immediately any change in their registered address or bank mandate to their Depository Participant (DP) quoting their Client IDs. Members holding shares in physical form are requested to notify immediately any change in their registered address or bank mandate to the Registrars and Share Transfer Agents of the Company quoting their Folio Number.
5. Unclaimed Dividends for the financial year ended March 31, 2005 shall be transferred to the Investor Education and Protection Fund of the Central Government in terms of the provisions of Section 205C of the Companies Act, 1956. Those members who have so far not encashed the dividend(s) from the year ended March 31, 2005, till the year ended March 31, 2011 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 viz, name and address of the branch of the bank, MICR code of the branch, account number with blank cancelled cheque 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 held in demat form.
8. The Securities and Exchange Board of India (SEBI) has made it mandatory to furnish Permanent Account Number (PAN) by participants in securities market. Members are requested to submit the PAN to their Depository Participant (DP)/Registrar & Share Transfer Agents respectively.
9. The Company supports the environment friendly "Green Initiative in Corporate Governance" by The Ministry of Corporate Affairs (MCA) to send notices for General Meetings/Annual Reports/Other Shareholder Communication through electronic mode to the e-mail addresses. Members are requested to take advantage of this initiative and register their e-mail address with the Registrar & Share Transfer Agents of the Company.

By Order of the Board of Directors

Sudhanshu Namdeo
Company Secretary

Place : Mumbai
Dated : May 25, 2012

NOTICE OF ANNUAL GENERAL MEETING**Explanatory Statement under Section 173 (2) of the Companies Act, 1956****Item No. 8**

At the meeting of the Board of Directors of the Company held on August 12, 2011, Mr. Rajiv Batra 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.

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

Mr. Rajiv Batra and Mr. Rajesh Batra (being relative as defined under section 6 of the Companies Act, 1956 of Mr. Rajiv Batra) may be deemed to be concerned or interested in the Resolution.

Item No. 9

At the meeting of the Board of Directors of the Company held on February 10, 2012, Mr. N. Santhanam 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.

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

Mr. N. Santhanam 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

Sudhanshu Namdeo
Company Secretary

Place : Mumbai
Dated : May 25, 2012

NOTICE OF ANNUAL GENERAL MEETING

Details of Directors seeking Appointment/Re-appointment at the Annual General Meeting

- (1) **Mr. Rajesh Batra**, 57, did his schooling in Campion School, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems Management from Jamnalal Bajaj Institute in 1978. Son of Mr. Ram Batra, a leading Businessman and Sheriff of Bombay in 1978, Mr. Rajesh Batra, along with his brother Mr. Rajiv Batra, founded PROLINE in 1983. The brand has a national presence and is presently sold through more than 30 company exclusive stores, major department stores & malls and several hundred retail outlets. A keen tennis enthusiast, Mr. Batra was the Maharashtra State Champion during 1970s and was ranked number 6 in India at that time. He has also represented India in the Asian Junior Championships in 1973 where he was a finalist and at the World University Games in 1973 in Moscow.

Mr. Batra is a Director on the Board of several Companies. Besides this, he is a trustee on several charitable trusts and promotes tennis through Ram Batra Memorial Foundation.

Mr. Batra holds 2,78,940 equity shares in the Company.

Other Directorships: Proline India Ltd.; B.R.T. Ltd.; Technojet Consultants Ltd.; National Peroxide Ltd.; Proline Exports Pvt. Ltd.; Promark Fitness & Leisure Pvt. Ltd.; Jehreen Investments Pvt. Ltd.; Lochness Investments Pvt. Ltd.; Citroflex Pvt. Ltd.; Spring Flower Investments Pvt. Ltd.; Nitapo Holdings Pvt. Ltd.; Heera Holdings & Leasing Pvt. Ltd.

Committee Memberships: Cravatex Ltd. (Shareholders'/Investors' Grievance Committee); National Peroxide Ltd. (Audit Committee, Remuneration Committee; Shareholders'/Investors' Grievance Committee).

- (2) **Mr. H.K. Vakharia**, 76, is a fellow member of the Institute of Chartered Accountants of India. He is presently a Partner with H. N. Mehta & Co. and H. N. Mehta Associates. He has extensive well rounded experience of more than five decades in various areas like finance, advisory and taxation. Over these years he has advised various Clients on inbound and outbound investments and business re-organisations. He has worked extensively within finance and investment fields.

Mr. Vakharia does not hold any equity shares in the Company.

Other Directorships: V. H. Holdings Pvt. Ltd.

Committee Memberships: None

- (3) **Dr. S.D. Israni**, 62 is qualified in the field of Law, Company Secretaryship and Management and has nearly 39 years of experience as a practitioner in the field of Corporate Laws and Business Advisory services. He is presently a Senior Partner of SD Israni Law Chambers, Advocates & Solicitors (UK). He is the former member of SEBI's Committee on Disclosures (Malegam Committee), Central Council of the ICSI (4 Terms), Naresh Chandra Committee for simplification of Law relating to Private Companies, SEBI's Committee on Buy-Back of Shares, Several Committees of the Central Council of the ICSI and IMC's Task Force on Company Law. He is also the former chairman of the Capital Markets Committee of the ICSI and CCRT Management Committee of the ICSI. Dr Israni is a Director on the Board of several Companies. Besides this, he is a trustee on several charitable trusts.

Dr. Israni does not hold any equity shares in the Company.

Other Directorships: ICICI Trusteeship Services Ltd., Modern India Ltd., Blossom Industries Ltd., Sidmak Laboratories (India) Pvt. Ltd.

Committee Memberships: Cravatex Ltd. (Selection Committee, Remuneration Committee); Modern India Ltd. (Audit Committee).

NOTICE OF ANNUAL GENERAL MEETING

- (4) **Mr. Rajiv Batra**, 51, graduated with a commerce degree from HR College, Mumbai in 1981. A keen tennis player, Mr. Rajiv Batra has won many national titles in India as a junior and is currently ranked in Great Britain in the Veterans. His sports background led him to found Proline along with his brother Mr. Rajesh Batra in 1983. Proline is a leading casual wear brand and is distributed in over 1000 doors in India and the Middle East. Mr. Rajiv Batra is based in London, U.K. and looks after the overseas interest of the group, through its subsidiary M/s. BB (UK) Limited, U.K. He has built an infrastructure to design and source Apparel and Accessories. The Subsidiary Company has the sub-licensing rights for the FILA brand for special distribution in the U.K. and Ireland. It also provides sourcing services to FILA licensees in Europe.

Mr. Rajiv Batra holds 61,840 equity shares in the Company.

Other Directorships: Proline India Ltd.; Proline Exports Pvt. Ltd.; Promark Fitness & Leisure Pvt. Ltd.

Committee Memberships: None

- (5) **Mr. N. Santhanam**, 63, is a Chartered Accountant by profession and has 40 years of rich and varied experience in handling different businesses as also in Corporate Accounts, Finance, Treasury, Taxation, Secretarial and Legal, Mergers & Aquisitions. Mr. Santhanam started his career with the Tata Group and later joined the Wadia Group where he served for nearly 22 years. In 2001 he joined Piramal Healthcare Limited as its Group Chief Financial Officer. In this role he was instrumental in completing many acquisitions both in India and overseas. In 2008, in Piramal Healthcare Limited he was elevated as its Chief Operating Officer in Piramal. He was also a Member of the Board of the company. He had total responsibility of the overall operations of its Healthcare Business including Pharma Solutions, Global Critical Care, Vitamins and Fine Chemicals and Diagnostic Equipments Business. He managed business activities spread across the globe including USA, Canada, UK and China. In May 2010, he was the key member of a small team that handled the successful divestiture of Piramal's Healthcare Solutions Business to Abbott Laboratories. This was a landmark deal, which fetched a sale consideration of US\$ 3.8 billion (at a valuation of 9 multiple of sales and 30 multiple of EBIDTA). Post retirement from Piramal, in 2012 he joined as the CEO of Breach Candy Hospital Trust.

Mr. N. Santhanam does not hold any equity shares in the Company.

Other Directorships: None

Committee Memberships: None

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, 2012.

FINANCIAL RESULTS

	Current Year Rupees	Previous Year Rupees
Earnings before Finance Cost, Depreciation and Taxation	16,51,66,586	12,25,15,274
Less: Finance Cost	3,62,60,574	2,14,01,028
Less: Depreciation	89,97,582	84,63,179
Profit before Taxation	11,99,08,430	9,26,51,067
Provision for Taxation:		
Current Tax	(3,74,00,000)	(2,78,00,000)
Deferred Tax Credit/(Debit)	(4,35,340)	(1,29,049)
Short/(Excess) Provision for Earlier Years	4,84,800	(1,90,156)
Profit after Current Taxation	8,25,57,890	6,45,31,862
Adding thereto:		
Brought forward from Previous Year	2,72,67,754	2,52,44,332
Available for Appropriation	10,98,25,644	8,97,76,194
Less Appropriations:		
Provision for Proposed Dividend	90,44,560	64,60,400
Provision for Tax on Proposed Dividend	14,67,260	10,48,040
General Reserve	6,75,00,000	5,50,00,000
Balance to be carried forward	3,18,13,824	2,72,67,754

OPERATIONS

The turnover of the Company for the year under review has increased from Rs.9,124 lacs to Rs. 15,658 lacs, a growth of 72%, while the earnings before finance cost, depreciation and taxation stood at Rs.1,652 lacs as against Rs.1,225 lacs, a growth of 35%. The Net Profit after tax for the year also increased from Rs.645 lacs to Rs.826 lacs, a growth of 28%. The balance carried forward to Balance Sheet is Rs. 3,18,13,824 lacs.

DIVIDEND

The Directors are pleased to recommend dividend of Rs.3.50 per equity share (previous year Rs.5/- per equity share) on the nominal value of Rs.10/- per equity share for the year under review, which would be tax-free in the hands of the Members. The Dividend if approved by the Members at the Annual General Meeting, will absorb Rs.90,44,560/-.

REPORT OF THE BOARD OF DIRECTORS

BONUS SHARES

A sum of Rs.1,29,20,800/- out of the amount standing to the credit of the Company's General Reserve Account as on 31st March 2011 was capitalised by issue of fully paid Bonus Shares, in the ratio of 1 (one) Equity Share for every 1 (one) existing Equity Share held to the holders of Equity Shares of the Company as on the Book Closure date of July 19, 2011. Consequently, the issued, subscribed and paid-up Share Capital of the Company increased from Rs.1,29,20,800/- divided into 12,92,080 Equity Shares of Rs.10/- each to Rs.2,58,41,600/- divided into 25,84,160 Equity Shares of Rs.10/- each.

INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of the Company increased from Rs.2,00,00,000/- (Rupees Two Crores only) divided into 18,50,000 (Eighteen Lacs Fifty Thousand) Equity Shares of Rs. 10 each and 15,000 (Fifteen Thousand) 9.5% Redeemable Cumulative Preference Shares of Rs. 100 each to Rs.5,00,00,000/- (Rupees Five Crores only) divided into 48,50,000 (Forty Eight Lacs Fifty Thousand) Equity Shares of Rs. 10 each and 15,000 (Fifteen Thousand) 9.5% Redeemable Cumulative Preference Shares of Rs. 100 each.

DEPOSITS

The total Unsecured Loans and Deposits stood at Rs.2,48,00,000/- as on March 31, 2012 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.

ISO 9001: 2008

The Company successfully conducted the Surveillance Audit for year 2011 under ISO 9001 : 2008 certification for its Fitness division.

DIRECTORS

- Mr. Rajesh Batra, Mr. H.K. Vakharia and Dr. S.D. Israni are retiring by rotation and, being eligible, offer themselves for re-appointment.
- Mr. Rajesh Batra was appointed as the Managing Director of the Company with effect from June 1, 2011.
- Mr. Rajiv Wallia ceased to be an Executive Director of the Company consequent to expiry of his 3 (three) years term on June 11, 2011. Your Directors wish to place on record their sincere appreciation of the guidance and valuable advice received from Mr. Rajiv Wallia during his tenure as an Executive Director.
- Mr. Rajiv Batra and Mr. N. Santhanam were appointed as Additional Director's of the Company with effect from August 12, 2011 and February 10, 2012 respectively 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 notice under Section 257 of the Companies Act, 1956 proposing Mr. Rajiv Batra's and Mr. N. Santhanam's candidature for the office of the Director. The Board considers it desirable that the Company continues to avail the services of Mr. Rajiv Batra and Mr. N. Santhanam as a Director.

REPORT OF THE BOARD OF DIRECTORS

SUBSIDIARY

BB (UK) Ltd., a wholly owned subsidiary of the Company completed its first year of operations. It operates the FILA license in parts of the UK, Ireland, Middle East and Africa. It also provides sourcing services to several FILA licensees across the world. In a very difficult economic environment, it achieved a turnover of Rs.8,397 lacs and a profit before tax of Rs.156 lacs.

In accordance with the directions of the Ministry of Corporate Affairs, Government of India under Section 212(8) of the Companies Act, 1956, copy of the balance sheet, profit and loss account and other documents of the subsidiary company have not been attached with the balance sheet of the Company. Financial Information of the subsidiary has been furnished separately in the consolidated accounts in the annual report. The company will make available the annual accounts and other documents of the subsidiary company to the Members of the Company, seeking such information at any point of time. The annual accounts and other documents of the subsidiary will also be kept open for inspection for the Members at the Registered Office of the Company during the Company's business hours on any working day upto and including the date of the Annual General Meeting or any adjournment or adjournments thereof.

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.

CORPORATE GOVERNANCE

Since the paid-up share capital of the Company until the financial year 2010-11 was below Rs.3 Crores and the net worth below Rs.25 crores, the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance, were not applicable to the Company for the financial year 2011-12. Consequent to the increase in the networth above Rs.25 Crores as evident from the audited annual accounts for financial year 2011-12, the provisions of Clause 49 of the Listing Agreement will become applicable to the Company. The Board has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause 49 of the Listing Agreement, with the Bombay Stock Exchange Limited will be complied with. However, for the benefit of the Members a separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a Certificate from a Practicing Company Secretary.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure I to this Report.