

## BOARD OF DIRECTORS AND GENERAL INFORMATION

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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 Annual Report to the Meeting as the practice of handing out copies of 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.

### Board of Directors

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

### Bankers

Axis Bank Limited  
 HDFC Bank Limited

### Company Secretary

Sudhanshu Namdeo

### Auditors

Messrs S. P. Chopra & Co.  
*Chartered Accountants*  
 15/A, Horniman Circle,  
 Bharat Insurance Building,  
 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.

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Paid-up Capital	258.42	258.42	129.21	129.21	129.21	129.21	129.21	129.21	129.21	129.21
Reserves and Surplus	3477.62	2827.19	2235.93	1665.70	1364.81	1210.16	1138.38	1054.38	1058.27	1015.61
Net Worth	3736.04	3085.60	2365.14	1794.91	1494.02	1339.37	1267.59	1183.59	1187.48	1144.82
Fixed Assets	4137.46	2245.45	2138.88	2053.74	2120.93	2149.61	2221.18	2194.99	2131.34	1773.47
Depreciation	1112.54	992.70	902.79	818.16	904.11	858.53	871.62	767.85	653.90	581.61
Net Block	3024.92	1252.75	1236.09	1235.58	1216.81	1291.08	1349.56	1427.13	1477.43	1191.86
Turnover	16736.94	15657.98	9124.36	5844.95	4423.85	5061.56	4762.98	4268.78	4184.59	3756.40
Earning before Taxes	1055.49	1199.08	926.51	702.61	266.45	216.22	159.95	110.50	155.82	165.27
Dividend	90.45 (35%)	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%)
Earning Per Share	29.26	31.95	49.94	28.55	14.30	9.65	10.30	3.12	6.42	9.25

**NOTICE OF ANNUAL GENERAL MEETING****NOTICE**

NOTICE is hereby given that the Sixty First Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Tuesday, August 13, 2013 at 10.30 a.m. at Rachana Sansad Auditorium, 278, Shankar Ghanekar Marg, 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, 2013 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, 2013.
3. To appoint a Director in place of Mr. Arjun Bulchandani 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 appoint a Director in place of Mr. Nabankur Gupta 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, 2014 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 the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors, of the Company of all or any part of immovable and movable properties of the Company, wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of the assets of the Company in certain events, to or in favour of the Company's bankers or financial institutions to secure the amounts borrowed together with interest thereon and other monies payable by the Company provided that the total amount borrowed and outstanding any time shall not exceed a sum of Rs.100 Crores (Rupees One Hundred Crore only).”  
“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise with Company's Bankers or Financial Institutions the documents for creating aforesaid mortgage and/or charge and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

By Order of the Board of Directors

Place : Mumbai  
Dated : May 28, 2013

**Sudhanshu Namdeo**  
Company Secretary

## 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 6, 2013 to Tuesday, August 13, 2013 (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, 2006 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, 2006, till the year ended March 31, 2012 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. 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 on or before August 6, 2013 for making payment of dividend through approved electronic mode.  
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 of the Members. 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 28, 2013

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

In view of the enlarged volume of business it is necessary for the Company to borrow funds from time to time from Company's bankers or financial institutions. The Company is required to provide security to secure the borrowed amount together with interest thereon as per the stipulated terms and conditions of the Company's bankers or financial institutions with right to take possession of the assets in the event of default, if any. The Members of the Company in its meeting held on July 8, 2011 had authorised the Board of Directors to borrow from time to time from the Company's bankers or financial institutions provided that the total amount to be borrowed by the Board of Directors and outstanding any time shall not exceed a sum of Rs.100 Crores (Rupees One Hundred Crore only).

In order to mortgage or hypothecate the assets of the Company with right to take possession of the assets in the event of any default, if any, the consent of the Members is required under Section 293(1)(a) of the Companies Act, 1956 and also authorising the Board of Directors with necessary powers.

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

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

By Order of the Board of Directors

**Sudhanshu Namdeo**  
*Company Secretary*

Place : Mumbai  
Dated : May 28, 2013

## NOTICE OF ANNUAL GENERAL MEETING

### Details of Directors seeking Re-appointment

- (1) **Mr. Arjun Bulchandani**, 85, is a Master of Arts (History). Mr. Bulchandani is the past president of Rotary Club of Bombay and is currently the Chairman of Indian Red Cross Society, Bombay City Branch.

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

**Other Directorships:** Ajit India (Gujarat) Pvt. Ltd., Ajit India (Calcutta) Pvt. Ltd., A. Bulchandani Holdings Pvt. Ltd. and Filidian Impex (India) Pvt. Ltd.

**Committee Memberships:** None

- (2) **Mr. N.R. Mahalingam**, 70, is a Matriculate with CAIIB(I) qualification, joined the Company after his successful career in Banking Industry. Mr. Mahalingam possesses wide and varied experience in the field of Finance and Corporate Management.

Mr. Mahalingam holds 2,560 equity shares in the Company.

**Other Directorships:** Cravatex Limited, Proline India Limited, Promark Fitness & Leisure Pvt. Ltd., Proline Exports Pvt. Ltd. and R.B. Fitness and Trading Pvt. Ltd.

**Committee Memberships:** Cravatex Limited (Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee).

- (3) **Mr. Nabankur Gupta**, 64, is an I.I.T. Graduate in Electrical and Electronics Engineering and has over 35 years experience in the Marketing field. Mr. Gupta was the first Indian to receive recognition by the advertising Age International, New York, in 1995 with the title of Marketing Superstar. He was further honoured with U. P. Ratna from the U. P. Mahasabha in the year 1996. Mr. Gupta is a Director on the Board of several Companies. Besides this, he is a trustee/member on several trusts/societies.

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

**Other Directorships:** Raymond Limited, Colorplus Fashions Limited, J.K. Investo Trade (India) Limited, J.K. Helene Curtis Limited, Pritish Nandy Communications Ltd., Magma Fincorp Limited, PNC Wellness Limited, VIP Industries Limited, Bharat Business Channel Ltd., Quantum Advisors Pvt. Ltd., Blueocean Capital and Advisory Services Pvt. Ltd. and Gomukhi Indus Capital Advisory Pvt. Ltd.

**Committee Memberships:** Raymond Limited (Audit Committee, Remuneration Committee and Shareholders' Investors Grievances Committee), J.K. Investo Trade (India) Ltd. (Audit Committee, Remuneration Committee and Shareholders' Investors Grievances Committee), Pritish Nandy Communications Ltd. (Audit Committee), Cravatex Ltd. (Audit Committee and Remuneration Committee), Maqana Fincorp Limited (Remuneration Committee), VIP Industries Ltd. (Remuneration Committee), Quantum Advisors Private Limited (Audit Committee).

## 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, 2013.

#### FINANCIAL RESULTS

	Current Year Rupees	Previous Year Rupees
Earnings before Finance Cost, Depreciation and Taxation	16,84,22,415	16,57,87,626
Less: Finance Cost	5,01,41,930	3,68,81,614
Less: Depreciation	1,27,31,855	89,97,582
Profit before Taxation	10,55,48,630	11,99,08,430
Provision for Taxation:		
Current Tax	(2,35,00,000)	(3,74,00,000)
Deferred Tax Credit/(Debit)	(64,24,007)	(4,35,340)
(Short)/Excess Provision for Earlier Years	—	4,84,800
Profit after Current Taxation	7,56,24,623	8,25,57,890
Adding thereto:		
Brought forward from Previous Year	3,18,13,824	2,72,67,754
Available for Appropriation	10,74,38,447	10,98,25,644
Less Appropriations:		
Proposed Dividend	90,44,560	90,44,560
Tax on Proposed Dividend	15,37,123	14,67,260
Amount transferred to General Reserve	6,50,00,000	6,75,00,000
Balance in Profit and Loss Account	3,18,56,764	3,18,13,824

#### OPERATIONS

The turnover of the Company for the year under review has increased from Rs.15,658 lacs to Rs.16,737 lacs, while the earning before finance cost, depreciation and taxation stood at Rs.1,684 lacs as against Rs.1,658 lacs. The Net Profit after tax for the year was Rs.756 lacs as against Rs.826 lacs last year. The balance in Profit and Loss Account is Rs.318.57 lacs.

#### DIVIDEND

The Directors are pleased to recommend dividend of Rs.3.50 per equity share (previous year Rs.3.50 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

### FIXED DEPOSITS

The total Unsecured Loans and Deposits stood at Rs,2,49,40,000/- as on March 31, 2013 and there were no unclaimed deposits as on that date. The Company has repaid all the Fixed Deposits due payable 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 2012 under ISO 9001 : 2008 certification for its Fitness division.

### DIRECTORS

- Mr. Arjun Bulchandani, Mr. N.R. Mahalingam and Mr. Nabankur Gupta are retiring by rotation and, being eligible, offer themselves for re-appointment.

### SUBSIDIARY

BB (UK) Ltd., a wholly owned subsidiary of the Company completed its second 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. Due to adverse global economic condition the subsidiary could achieve a lower turnover of Rs.5,220 lacs (previous year Rs.8,397 lacs). It incurred a loss of Rs.26.95 lacs due to lower turnover.

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 March 31, 2013 and of the profit or loss of the Company for the year ended on that date;
- (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.



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

### **CORPORATE GOVERNANCE**

Your Company 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 has been complied with. 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.

### **PARTICULARS OF THE EMPLOYEES**

The Information required under Section 217(2A) of the Companies Act, 1956 read with rules made thereunder forms part of this report. However, as per provision of Section 219(1)(b)(iv) of the Act, the accounts are being sent to all Members excluding the statement of particulars of employees under Section 217(2A) of the Act. The company will make available the particulars available to the Members, seeking such information at any point of time. The particulars of the employees u/s 217(2A) 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.

### **AUDITORS' REPORT**

There are no qualifications, and the remarks made by the Auditors are self-explanatory and do not call for any clarification under Section 217 of the Companies Act, 1956.

### **AUDITORS & BRANCH AUDITORS**

M/s. S. P. Chopra & Co. (Registration No.101911W), Chartered Accountants, will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. The members are also requested to appoint M/s. M. R. Jayaprakash & Associates (Registration No.007319S), Chartered Accountants as the Branch Auditors for Company's operations at Bangalore.

### **ACKNOWLEDGEMENT**

Your directors wish to place on record their appreciation for the efforts, hard work, dedication and commitment put by employees at all levels as also for the valuable support extended by the Members, Bankers and other business associates.

**For and on behalf of the Board of Directors**

**Rajesh Batra**

*Chairman & Managing Director*

Place : Mumbai

Dated : May 28, 2013

### ***Registered office :***

Sahas, 4th Floor,  
414/2, Veer Savarkar Marg,  
Prabhadevi, Mumbai-400 025.

## REPORT OF THE BOARD OF DIRECTORS

### Annexure I

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

#### A. CONSERVATION OF ENERGY

**(a) Energy Conservation measures taken:**

The Company has been making optimum use of electrical energy by regular maintenance. Regular watch has been kept to prevent wastage of energy.

**(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:**

None presently.

**(c) Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:**

Negligible.

**(d) Total energy consumption and energy consumption per unit of production in prescribed Form 'A':**

Not Applicable as the Company is not engaged in any Manufacturing Activities.

#### B. TECHNOLOGY ABSORPTION

**Research & Development (R & D):**

The scope for Research and Development is very limited.

**Technology Absorption, Adaptation and Innovation:**

No technology is imported during the year.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Details in respect of total Foreign Exchange used and earned are as follows:

	2012-13 Rupees	2011-12 Rupees
CIF Value of Imports:		
Goods Traded	65,62,67,763	62,20,95,844
Spares	31,53,293	47,79,480
	<u>65,94,21,056</u>	<u>62,68,75,324</u>
Expenditure In Foreign Exchange (on payment basis):		
Commission	—	1,44,58,385
Sublicense Fees	19,64,79,504	4,14,59,437
Travelling Expenses	19,16,198	15,36,610
Professional Fees	1,77,469	—
Claims	—	12,49,307
Investment in Shares (Subsidiary)	—	41,04,207
	<u>19,85,73,171</u>	<u>6,28,07,946</u>
Earnings in Foreign Exchange (on receipt basis):		
FOB Value of Goods	24,34,90,119	31,59,67,854
Claims	60,90,353	76,65,623
	<u>24,95,80,472</u>	<u>32,36,33,477</u>