

# ANNUAL REPORT 2017

## BOARD OF DIRECTORS AND GENERAL INFORMATION

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- 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 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.
- 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*  
 N. R. Mahalingam  
 Arjun Bulchandani\*  
 H. K. Vakharia  
 S. D. Israni  
 Nabankur Gupta  
 Rajiv Batra  
 N. Santhanam  
 Pheroza Jimmy Bilimoria

\* ceased to be an Independent Director w.e.f. 08/11/2016

### Bankers

Axis Bank Limited  
 HDFC Bank Limited

### Chief Financial Officer

Divakar Kamath

### 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

w.e.f. June 20, 2016  
 Sharex Dynamic (India) Private Limited  
 Unit No.1, Luthra Industrial Premises  
 Safed Pool, Andheri Kurla Road  
 Andheri (East), Mumbai - 400072  
 Tel No. : +91 22 2851 5606/ +91 22 2851 5644 /  
 +91 22 2851 6338 / +91 22 2852 8087  
 Fax No.: +91 22 2851 2885  
 Email Id : sharexindia@vsnl.com

Upto June 19, 2016  
 Sharepro Services (India) Private Limited

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Paid-up Capital	1158.42	258.42	258.42	258.42	258.42	258.42	129.21	129.21	129.21	129.21
Reserves and Surplus	2692.60	2988.10	3910.68	3783.69	3477.62	2827.19	2235.93	1665.70	1364.81	1210.16
Net Worth	3851.02	3246.52	4169.10	4042.10	3736.04	3085.60	2365.14	1794.91	1494.02	1339.37
Fixed Assets	2264.91	4796.73	4624.97	4208.86	4137.46	2245.45	2138.88	2053.74	2120.93	2149.61
Depreciation	1144.47	2091.61	1783.25	1378.43	1112.54	992.70	902.79	818.16	904.11	858.53
Net Block	1120.44	2705.12	2840.72	2830.43	3024.92	1252.75	1236.09	1235.58	1216.81	1291.08
Turnover	15697.36	18590.98	18573.20	18514.53	16736.94	15657.98	9124.36	5844.95	4423.85	5061.56
Earning/(Loss) before Taxes	(643.28)	(901.47)	303.79	570.21	1055.49	1199.08	926.51	702.61	266.45	216.22
Dividend	—	—	51.68	90.45	90.45	90.45	64.60	58.14	45.22	45.22
	—	—	(20%)	(35%)	(35%)	(35%)	(50%)	(45%)	(35%)	(35%)
Earning Per Share	(13.06)	(35.70)	8.82	15.94	29.26	31.95	49.94	28.55	14.30	9.65

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

NOTICE is hereby given that the Sixty Fifth Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, September 8, 2017 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 consider and adopt the (a) audited Financial Statements of the Company for the year ended March 31, 2017 including audited Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss, Cash Flow Statement for the year ended on that date together with Reports of the Directors and Auditors thereon; and (b) audited Consolidated Financial Statements of the Company for the year ended March 31, 2017 together with Reports of the Auditors thereon
2. To appoint a Director in place of Mr. Rajiv Batra (DIN 00748729) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s.GPS & Associates, Chartered Accountants, Mumbai (Firm Regd. No. 121344W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of 65th Annual General Meeting till the conclusion of the 70th Annual General Meeting of the Company, subject to ratification of their appointment at every annual general meeting of the Company, at such remuneration as shall be fixed by the Board of Directors of the Company.”

By Order of the Board of Directors

**Sudhanshu Namdeo**  
*Company Secretary*

Place : Mumbai

Dated : May 29, 2017

CIN : L93010MH1951PLC008546

**Registered Office:**

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

Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210

E-mail: investors@cravatex.com

Website: www.cravatex.com

## NOTICE OF ANNUAL GENERAL MEETING

### NOTES

1. A member entitled to attend and vote at the meeting shall be entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The instrument appointing a proxy should be deposited at the registered office of the Company duly completed, stamped and signed, not less than forty-eight hours before the commencement of the meeting.

2. A statement giving the details of the Director seeking re-appointment under Item No. 2 of the accompanying Notice, as required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 2, 2017 to Friday, September 8, 2017 (both days inclusive) for the purpose of annual general meeting.
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, 2010 shall be transferred to the Investor Education and Protection Fund of the Central Government in terms of the provisions of Section 124 of the Companies Act 2013. Those members who have so far not encashed the dividend(s) from the year ended March 31, 2010, till the year ended March 31, 2015 are requested to approach the Registrars and Share Transfer Agents of the Company for payment. The Company had not declared any dividend for the financial year ended March 31, 2016.

In terms of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the information in respect of the unclaimed dividends as on the date of the 64th Annual General Meeting (AGM) held on August 12, 2016, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and also under the "Investors Section" on the website of the Company viz. [www.cravatex.com](http://www.cravatex.com).

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 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 for making payment of dividend through approved electronic mode.

Members holding shares in demat form are requested to provide the 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. Electronic copy of the annual report is being sent to the members whose email address are registered with the company/depository participants for communication purposes unless any member has requested for a physical copy of the same. Members who have not registered their email address so far are requested to register their e-mail address with the Registrar & Share Transfer Agents of the Company for receiving all communications from the Company electronically.

## NOTICE OF ANNUAL GENERAL MEETING

### 10. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Tuesday, September 5, 2017 (9:00 am) and ends on Thursday, September 7, 2017 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 1, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "CRAVATEX LIMITED".
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [hemanshu@hkacs.com](mailto:hemanshu@hkacs.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
    - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
 

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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    - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

## NOTICE OF ANNUAL GENERAL MEETING

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, September 1, 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, September 1, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [evoting@sharexindia.com](mailto:evoting@sharexindia.com).
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. Hemanshu Kapadia, Proprietor of M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, Mumbai has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.cravatex.com](http://www.cravatex.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By Order of the Board of Directors

**Sudhanshu Namdeo**  
Company Secretary

Place : Mumbai  
Dated : May 29, 2017

CIN : L93010MH1951PLC008546

**Registered Office:**

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

Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210

E-mail: [investors@cravatex.com](mailto:investors@cravatex.com)

Website: [www.cravatex.com](http://www.cravatex.com)

## NOTICE OF ANNUAL GENERAL MEETING

### Details of Directors seeking re-appointment at the Annual General Meeting

Mr. Rajiv Batra, 56, 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.

None of the Directors are related to Mr. Rajiv Batra, except Mr. Rajesh Batra, Managing Director, who are related to each other as brothers.

Mr. Rajiv Batra holds 20 equity shares in the Company.

Other Directorships: Proline India Ltd.

Committee Memberships: None



## REPORT OF THE BOARD OF DIRECTORS

### DIRECTORS' REPORT

#### To The Members of Cravatex Limited

Your Directors present the audited Financial Statements of the Company including audited Balance Sheet and the Statement of Profit and Loss together with their Report for the year ended March 31, 2017.

#### FINANCIAL RESULTS

	Current Year Rupees	Previous Year Rupees
Earnings before Finance Cost, Depreciation and Taxation	1,69,32,613	6,04,67,587
Less: Finance Cost	9,61,75,134	11,97,78,663
Less: Depreciation	3,11,59,836	3,08,36,271
Profit (Loss) before Exceptional Item	(11,04,02,357)	(9,01,47,347)
Exceptional Item:		
Add : Profit on Sale of Undertaking	4,60,74,156	—
	(6,43,28,201)	(9,01,47,347)
Tax Expense		
Deferred Tax Asset / (Liability)	3,47,78,757	(21,10,836)
Profit (Loss) after Taxation	(2,95,49,444)	(9,22,58,183)
Add : Brought forward from Previous Year	—	2,01,63,231
Balance available for Appropriation/ (Deficit)	(2,95,49,444)	(7,20,94,952)
Add : Debit Balance adjusted by transfer from general reserve	2,95,49,444	7,20,94,952
Amount Available for Appropriation	—	—
Balance in Profit and Loss Account	—	—

#### STATEMENT OF COMPANY AFFAIRS

The turnover of the Company for the year under review was Rs.156.97 lacs as against Rs.185.91 lacs in previous year, while the profit before finance cost, depreciation and taxation stood at Rs.169.32 lacs as against Rs.604.67 lacs for the respective year. Loss after tax for the year was Rs.295.49. lacs as against the loss of Rs 922.58 lacs for previous year.

#### DIVIDEND

Since the company has reported losses, the Directors have decided not to recommend any dividend on the shares of the Company for the year ended March 31, 2017.

#### SHARECAPITAL

The company had on April 12, 2016 allotted 90,00,000 4% Non - Convertible Cumulative Redeemable Preference shares to the Promoter Group on Private Placement basis. Consequently, the total issued, subscribed and fully paid up share capital of the Company w.e.f April 12, 2016 was Rs. 11,58,41,600/- divided into 25,84,160 equity shares of Rs. 10/- each and 90,00,000 4% Non - Convertible Cumulative Redeemable Preference shares of Rs. 10/- each.

#### INCREASE IN AUTHORISED SHARE CAPITAL

The authorized share capital of the Company was increased w.e.f. April 2, 2016 from Rs.5,00,00,000/- divided into 48,50,000 Equity Shares of Rs.10/- each and 15,000 9.5% Cumulative Redeemable Preference Shares of Rs.100/- each to Rs.15,00,00,000/- divided into 48,50,000 Equity Shares of Rs.10/- each and 1,01,50,000 Preference shares of Rs. 10/- each. The existing 15,000 9.5% Cumulative Redeemable Preference Shares of Rs.100/- each has been reclassified and increased to 1,01,50,000 Preference Shares of Rs. 10/- each.

#### TRANSFER TO RESERVES

The company has not transferred any amount to the general reserves due to losses.

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

### **FIXED DEPOSITS**

The Company had accepted unsecured fixed deposits from its various members under the provisions of erstwhile Section 58A of the Companies Act 1956 and the rules made thereunder. The Company did not invite or accept any fresh deposits from its member but renewed the unsecured deposits as and when due for renewal.

The fixed deposits had been repaid to all the fixed deposit holders as on March 31, 2017 and there were no unclaimed deposits as on that date.

There has been no default in repayment of deposits or payment of interest thereon during the year and all deposits were in compliance with the requirements of Chapter V of the Companies Act, 2013

### **INSURANCE**

The fixed assets of the Company have been adequately insured.

### **ISO 9001 : 2008**

The Company successfully conducted the Surveillance Audit for year 2016 under ISO 9001 : 2008 certification for its Fitness division.

### **DIRECTORS & KMP**

- Mr. Rajiv Batra (DIN 00748729) is retiring by rotation and, being eligible, offer himself for re-appointment.
- Mr. Arjun Bulchandani (DIN 00049092) ceased to be the Independent Director of the Company w.e.f. November 8, 2016 due to resignation. Your Directors wish to place on record their sincere appreciation of the guidance and valuable advice received from Mr. Arjun Bulchandani during his tenure as an Independent Director.
- Mr. Divakar Kamath - President, Corporate Affairs was appointed as the Chief Financial Officer of the company to be designated as President, Corporate Affairs & CFO w.e.f August 26, 2016.
- Mr. Rajesh Batra (DIN 00020764) was re-appointed as the Managing Director of the Company for a period of 3 years w.e.f. June 1, 2016.

### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **AUDIT COMMITTEE**

The details pertaining to the composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

### **SUBSIDIARY**

BB (UK) Ltd., a wholly owned subsidiary of the Company completed its sixth 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 volatile economic environment, it achieved a turnover of Rs10826.40 lacs (previous year Rs. 6882.63 lacs) and a profit before tax of Rs.200.86 lacs (previous year Rs. 157.93 lacs).

The Company acquired 100% equity stake of Cravatex Brands Limited (CBL) from all its existing shareholders at face value on 02/02/2017 resulting into CBL becoming a wholly owned subsidiary of the Company. Consequent to the issue of 100 equity shares by CBL to Paragon Partners Growth Fund-I on 24/03/2017, CBL has become a subsidiary of the Company.

The turnover of CBL for the year under review was Rs.85.82 lacs, while the losses before finance cost, depreciation and taxation stood at Rs.513.17 lacs. Loss after tax for the year was Rs. 695.55 lacs.

In accordance with the provisions of Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and its subsidiaries, which is forming part of the annual report.