

Ref. No.: CL/SEC/027/2017-18

September 22, 2017

**The Manager  
Department of Corporate Services (DCS-Listing)  
BSE Limited  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001**

**Company Code : 509472**

Dear Sirs,

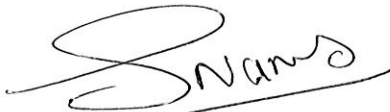
**Sub.: Copy of Annual Report for Financial Year 2016-17****Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We refer to the above and have enclosed a copy of the Annual Report for the Financial Year 2016-17.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For **Cravatex Limited**



**Sudhanshu Namdeo**  
Company Secretary

Encl : a.a.

# ANNUAL REPORT 2017

**BOARD OF DIRECTORS AND GENERAL INFORMATION**

**Contents**

Financial Highlights	2
Notice	3
Directors' Report	8
Management Discussion & Analysis Report	26
Report on Corporate Governance	28
Auditors' Report	38
Balance Sheet	42
Profit & Loss Statement	43
Cash Flow Statement	44
Notes to Financial Statement	45
Consolidated Auditors' Report	61
Consolidated Balance Sheet	62
Consolidated Profit and Loss Statement	63
Notes to Consolidated Financial Statement	64
Section 129(3) & Subsidiary Information	76

- 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
-------------------------------------	---------	--------------
    - (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.

## REPORT OF THE BOARD OF DIRECTORS

The salient features of the financial statement of the subsidiary is set out in the prescribed Form AOC-1, which forms part of the annual report.

The annual accounts of the subsidiaries 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.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, the Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments 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 and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Regulation 4(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms a part of this report.

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

Information required pursuant to Section 134(3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014, is given in the Annexure I to this Report.

### PARTICULARS OF THE EMPLOYEES

There was only no person employed throughout the year, who was in receipt of Rs.102 lacs per annum or more and none of the employee employed for part of the financial year was in receipt of remuneration of Rs.8.5 lacs per month or more. During the financial year ended March 31, 2017 the company had 11 permanent employees on the rolls of company.

The Information required under Section 197(12) of the Companies Act, 2013 read with rules made thereunder forms part of this report. However, as per provision of Section 136(1) of the Companies Act, 2013 the accounts are being sent to all Members excluding the statement of particulars of employees under Section 197(12) 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 136(1) 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.

### CHANGES IN THE NATURE OF BUSINESS & MATERIAL CHANGES

The Company entered into a Business Transfer Agreement dated February 6, 2017 with Cravatex Brands Limited (CBL) for the sale and transfer of the Company's business undertaking engaged in the business of import, marketing, distribution and servicing of fitness equipment as well as through licensing arrangements with global brands, the design, sourcing, and the marketing, distribution and retail of footwear, apparel, and sporting goods together with associated employees, assets and liabilities (Business

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

Undertaking) to Cravatex Brands Limited having become a wholly owned subsidiary of the Company (Buyer) as an inseparable whole, as a going concern on slump sale basis without values being assigned to the individual assets and liabilities in accordance with the provisions of Section 50B read with Section 2(42C) of the Income-tax Act, 1961, the lump sum consideration for such sale and transfer being Rs. 32,68,00,000/- (Rupees Thirty Two Crores and Sixty Eight Lacs Only) (determined by an independent valuer). The said lump sum consideration has been discharged in full by CBL by issuance and allotment to the Company of 32,68,000 equity shares of CBL at face value credited as fully paid.

### **CONSOLIDATED ACCOUNTS**

The consolidated financial statements of the Company are prepared in accordance with the relevant accounting standards viz AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India and forms a part of this report.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the annual return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is included in this report as Annexure II and forms a part of this report.

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 4(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board functioning, composition and the Board and its committee, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance of the Chairman and Non-Independent Directors were carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### **NUMBER OF BOARD MEETINGS**

The Company held 7 (seven) Board Meetings during the Financial Year 2016 - 17. These were on May 27, 2016, August 12, 2016, August 26, 2016, November 7, 2016, February 2, 2017, February 10, 2017 and March 23, 2017.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of loans, guarantees and investments covered under section 186 of the Companies Act, 2013 are given in the notes to the financial statement.

### **WHISTLE BLOWER POLICY**

The Company has a whistle blower policy to report genuine concerns or grievances. The whistle blower policy has been posted on the website of the Company.

### **NOMINATION AND REMUNERATION POLICY**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015, the Remuneration Policy has been formulated and adopted by the Board. The details are as follows:

#### **PURPOSE OF THE POLICY**

- (a) To provide guidelines to the Board while identifying persons for appointment as directors / for positions in senior management
- (b) To identify and evaluate the suitability of persons for recommending them to the Board for their appointment as directors including managing directors and executive directors, as also persons who may be appointed in senior management positions.
- (c) To recommend to the Board the Remuneration payable to the Directors, Key Managerial Personnel and Senior Management. The terms of remuneration shall be based keeping in view various aspects including qualifications, experience, performance, commitment, leadership skills, etc.
- (d) To devise plans from time to time to motivate, retain and promote talent so as to ensure long term continuity of such personnel and in the process creating competitive advantage for the Company.

## REPORT OF THE BOARD OF DIRECTORS

### ROLE OF THE COMMITTEE

- (a) To identify persons who are suitable for appointment as directors.
- (b) To recommend the remuneration policy for the directors, KMP and senior management.
- (c) To formulate the criteria for evaluation of Independent Directors and the Board;
- (d) To devise a policy on Board diversity.
- (e) To disclose the remuneration policy and the evaluation criteria in its Annual Report.
- (f) To recommend Board about the appointment and removal of directors.
- (g) While formulating such a policy the Committee shall ensure that:
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

### RELATED PARTY TRANSACTIONS

The Company sold and transferred its business undertaking engaged in the business of import, marketing, distribution and servicing of fitness equipment as well as through licensing arrangements with global brands, the design, sourcing, and the marketing, distribution and retail of footwear, apparel, and sporting goods together with associated employees, assets and liabilities, to its wholly owned subsidiary M/s. Cravatex Brands Limited (CBL), a related party, u/s 188(1) of the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on slump sale basis for lump sum consideration of Rs.32,68,00,000/- (Rupees Thirty Two Crores and Sixty Eight Lacs Only). The said lump sum consideration was discharged in full by CBL by issue and allotment to the Company of 32,68,000 equity shares of CBL at face value of Rs.100/- each. The disclosure under Form AOC - 2 is included as Annexure III and forms a part of this report.

Further there are no material related party transactions during the year under review with the Promoters, Key Managerial Persons and Senior Management Personnel. The Company has developed a related party transactions framework through standard operating procedures for the purpose of identification and monitoring of such transactions. All related party transactions are placed before the audit committee and board for approval.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

### CORPORATE SOCIAL RESPONSIBILITY

Since the company has reported losses and not being the specified class of company the provisions of Section 135 of the Companies Act, 2013 were not applicable to the Company.

### SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company had appointed M/s. Hemanshu Kapadia & Associates, Practising Company Secretary, to conduct the Secretarial Audit for the financial year 2016-17. The secretarial audit report is included as Annexure IV and forms a part of this report.

### INTERNAL CONTROL SYSTEMS

Objective evaluation of adequacy and efficiency of internal controls and systems are done by qualified audit firm and monitored closely by the top management. Present control systems are considered as adequate though constantly improved up on.

### RISK MANAGEMENT

The risks that the Company is exposed to and the measures taken by the Company to tackle the same are as follows:

## REPORT OF THE BOARD OF DIRECTORS

Sr. No.	Risk Description	Key Risk Matrix	Mitigation Measure
1	Increase in cost of goods due to adverse movement of foreign exchange rates.	Reduction in profit margin.	Open position is monitored daily and hedging is done by way of forward cover.
2	Destruction of properties and assets due to fire etc	Loss of assets resulting in financial loss.	Comprehensive insurance is taken and monitored from time to time for adequacy. We have tied up with a corporate insurance consultant for all our insurance needs.
3	Termination of licenses/selling arrangements	Discontinuation of business in related specified product	<ol style="list-style-type: none"> <li>1. <b>FILA License:</b> A comprehensive document listing all compliance parameters with name of persons responsible is in place.</li> <li>2. <b>Johnsons Distribution Arrangement:</b> Achieving of annual sales target is the main compliance parameter which is discussed with the licensor and complied with.</li> </ol>

### AUDITORS' REPORT

There are no qualifications, reservation, adverse remark or disclaimer made by the Statutory Auditors and do not call for any explanation or comment under Section 134(1)(f) of the Companies Act, 2013.

The Secretarial Auditor have mentioned in their Secretarial Audit Report that the Company has appointed the Chief Financial Officer with a delay of 82 days after the expiry of six months from the vacancy created in the office of Chief Financial Officer since Section 203(4) of the Companies Act, 2013 provides that if the office of any whole-time key managerial personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of six months from the date of such vacancy. The members are informed that Mr. Divakar Kamath was promoted and re-designated as President – Corporate Affairs of the Company w.e.f. December 7, 2015 and accordingly he ceased to be the Chief Financial Officer of the Company w.e.f. December 7, 2015. Thereafter, Mr. Divakar Kamath took the additional charge of Chief Financial Officer and was designated as President, Corporate Affairs & CFO w.e.f. August 26, 2016 as he was most qualified to hold this post.

### STATUTORY AUDITORS

M/s. S. P. Chopra & Co. (Registration No.101911W), Chartered Accountants, will retire at the conclusion of this Annual General Meeting. In terms of the Companies Act, 2013 ("the Act"), no Company shall appoint or re-appoint an audit firm as an Auditor for more than 2 terms of 5 consecutive years. On completion of the said tenure, the audit firm will not be eligible for re-appointment as auditor in the same Company for 5 years. M/s. S. P. Chopra & Co. have completed their tenure of 10 consecutive years with the Company and the cooling period of 3 years. It is proposed to appoint M/s. GPS and Associates, Chartered Accountants, Mumbai (Firm Regd. No. 121344W) as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the 65th Annual General Meeting until the conclusion of the 70th Annual General Meeting, subject to ratification of their appointment at every annual general meeting of the Company.

### PREVENTION OF SEXUAL HARASSMENT

The Company is committed to provide a safe and conducive work environment to all women employees. The Company strive's hard to ensure that all women employees are treated with dignity and respect, and are committed to providing a work environment free of sexual harassment. Pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and rules made thereunder, the Company has a Policy for prevention of Sexual Harassment in the Company. This policy is applicable to all categories of employees of the Company, including permanent management, temporary staff, trainees and employees on contract at its workplace.

During the financial year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

### 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 29, 2017

## REPORT OF THE BOARD OF DIRECTORS

## Annexure I

## ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under The Companies (Accounts) Rules, 2014.

## A. CONSERVATION OF ENERGY

## (a) The steps taken on conservation of energy :

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

## (b) Impact on conservation of energy:

Negligible.

## (c) The steps taken by the company for utilising alternate sources of energy

None as the Company is not engaged in any manufacturing activities and the energy consumption is insignificant.

## (d) The capital investment on energy conservation equipments:

None presently.

## B. TECHNOLOGY ABSORPTION

## (i) The efforts made towards technology absorption;

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

## (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;

Not Applicable

## (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

Not Applicable

## (iv) The expenditure incurred on Research and Development.

None

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are as follows:

	2016-17 Rupees	2015-16 Rupees
CIF Value of Imports:		
Goods Traded	65,16,73,470	67,50,43,707
Expenditure In Foreign Exchange (on payment basis):		
Sublicense Fees	6,30,39,805	6,55,75,575
Travelling Expenses	33,62,362	51,05,125
Advertisement & Publicity	33,45,968	—
	<u>6,97,48,135</u>	<u>7,06,80,700</u>
Earnings in Foreign Exchange (on receipt basis):		
FOB Value of Goods	2,94,40,870	7,34,47,132



**REPORT OF THE BOARD OF DIRECTORS**

**Annexure II**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017**

*[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L93010MH1951PLC008546
ii.	Registration Date	22/06/1951
iii.	Name of the Company	Cravatex Limited
iv.	Category/Sub-Category of the Company	Company Limited by Shares
v.	Address of the Registered office and contact details	Sahas, 4 <sup>th</sup> Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025, Maharashtra Tel: 022 66667474 Fax: 022 24313210 Email: investors@cravatex.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the company
1	Sports Goods	4763	71.35
2	Fitness Equipments	4763	24.73

**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Cravatex Brands Ltd. Sahas, 4th Floor, 414/2, Veer Savarkar Marg, Prabhadevi Mumbai - 400 025	U51909MH2016PLC288788	Subsidiary	99.997%	2(87)
2.	BB UK Ltd. Unit 1, Colonial Business Park, Watford WD24 4PR	N.A.	Foreign Subsidiary	100%	2(87)
3.	R.B.Fitness and Trading Pvt Ltd Sahas, 4 <sup>th</sup> Floor, 414/2, Veer Savarkar Marg, Prabhadevi Mumbai – 400 025	U74900MH2013PTC241644	Holding	74.36%	2(46)

## REPORT OF THE BOARD OF DIRECTORS

## III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i. Equity Shares

Category of Share holders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April, 2016				No. of Shares held at the end of the year 31 <sup>st</sup> March, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
1) Indian									
a) Individual/ HUF	16,540	0	16,540	0.64	16,540	0	16,540	0.64	0.00
b) Central Govt	0	0	0	0	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corporate	19,21,580	0	19,21,580	74.36	19,21,580	0	19,21,580	74.36	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0.00
f) Any Other	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A) (1)</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>0.00</b>
2) Foreign									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0.00
h) Other-Individuals	0	0	0	0	0	0	0	0	0.00
i) Bodies Corporate	0	0	0	0	0	0	0	0	0.00
j) Banks / FI	0	0	0	0	0	0	0	0	0.00
k) Any Other	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Promoter Shareholding</b>									
<b>(A)=(A)(1)+ (A)(2)</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>19,38,120</b>	<b>0</b>	<b>19,38,120</b>	<b>75.00</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks / FI	0	0	0	0	0	0	0	0	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Sub-total(B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
2) Non Institutions									
a) Bodies Corporate									
(i) Indian	18,291	1,285	19,576	0.76	10,203	1,285	11,488	0.45	(0.31)
(ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,35,123	1,15,371	3,50,494	13.56	2,28,074	1,06,911	3,34,985	12.96	(0.60)
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,15,777	52,000	2,67,777	10.36	2,38,375	52,000	2,90,375	11.23	0.87
c) Others(Specify)									
Non Resident (Non Rep)	3,666	0	3,666	0.14	2,792	0	2,792	0.11	(0.03)
Non Resident (Rep)	4,527	0	4,527	0.18	6,400	0	6,400	0.25	0.07
<b>Sub-total(B)(2)</b>	<b>4,77,384</b>	<b>1,68,656</b>	<b>6,46,040</b>	<b>25.00</b>	<b>4,85,844</b>	<b>1,60,196</b>	<b>6,46,040</b>	<b>25.00</b>	<b>0</b>
<b>Total Public Shareholding</b>									
<b>(B)=(B)(1)+ (B)(2)</b>	<b>4,77,384</b>	<b>1,68,656</b>	<b>6,46,040</b>	<b>25.00</b>	<b>4,85,844</b>	<b>1,60,196</b>	<b>6,46,040</b>	<b>25.00</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>24,15,504</b>	<b>1,68,656</b>	<b>25,84,160</b>	<b>100.00</b>	<b>24,23,964</b>	<b>1,60,196</b>	<b>25,84,160</b>	<b>100.00</b>	<b>0</b>

**REPORT OF THE BOARD OF DIRECTORS**

*ii. Shareholding of Promoters*

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2016			Shareholding at the end of the year 31 <sup>st</sup> March, 2017			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Jamna Batra	10	0.00	—	0	0.00	—	(10)
2.	Rajiv Batra	20	0.00	—	20	0.00	—	—
3.	Raj Batra	10	0.00	—	10	0.00	—	—
4.	Divya Batra	20	0.00	—	20	0.00	—	—
5.	Sujaya Batra	20	0.00	—	20	0.00	—	—
6.	Prathima Batra	16,400	0.64	—	16,400	0.64	—	—
7.	Rajesh Batra	50	0.00	—	60	0.00	—	10
8.	Rohan Batra	10	0.00	—	10	0.00	—	—
9.	Proline Exports Pvt. Ltd.	10	0.00	—	10	0.00	—	—
10.	R.B. Fitness and Trading Pvt. Ltd.	19,21,570	74.36	16.94	19,21,570	74.36	16.94	—
	<b>Total</b>	<b>19,38,120</b>	<b>75.00</b>	<b>16.94</b>	<b>19,38,120</b>	<b>75.00</b>	<b>16.94</b>	<b>—</b>

*iii. Change in Promoters' Shareholding (please specify, if there is no change)*

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Rajesh Batra				
	At the beginning of the year	50	0.00	50	0.00
	Add : Transfer	10	0.00	10	0.00
	At the End of the year	60	0.00	60	0.00
2.	Jamna Batra				
	At the beginning of the year	10	0.00	10	0.00
	Less : Transfer	10	0.00	10	0.00
	At the End of the year	—	0.00	—	0.00

## REPORT OF THE BOARD OF DIRECTORS

*iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)*

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dipak Kanayalal Shah	50,000	1.93	55,000	2.13
2.	Mahesh Parameswaran Nair	52,000	2.01	52,000	2.01
3.	Harish Hassa Mohnani	49,659	1.92	49,350	1.91
4.	Anil Kumar Hirjee	42,138	1.63	42,138	1.63
5.	Shashank S Khade	13,158	0.51	25,400	0.98
6.	Laxmichand Kunverji Kenia	17,000	0.66	20,000	0.77
7.	Kanchan Sunil Singhania	16,782	0.65	16,782	0.65
8.	Bharat Kunverji Kenia	12,335	0.48	15,000	0.58
9.	Anshul Saigal	14,705	0.57	14,705	0.57
10.	Nimish Laxmichand Kenia Srilata Bukka	6,164 2,198	0.24 0.08	10,000 10,000	0.39 0.39

*v. Shareholding of Directors and Key Managerial Personnel:*

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Rajesh Batra				
	At the beginning of the year	50	0.00	50	0.00
	Add: Increase/(Decrease)	10	0.00	10	0.00
	At the end of the year	60	0.00	60	0.00
2.	N.R. Mahalingam				
	At the beginning of the year	2,560	0.09	2,560	0.09
	Add/(Less): Increase/(Decrease)	—	—	—	—
	At the end of the year	2,560	0.09	2,560	0.09
3.	Rajiv Batra				
	At the beginning of the year	20	0.00	20	0.00
	Add/(Less): Increase/(Decrease)	—	—	—	—
	At the end of the year	20	0.00	20	0.00

REPORT OF THE BOARD OF DIRECTORS

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,267.70	675.00	225.25	7,167.95
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>6,267.70</b>	<b>675.00</b>	<b>225.25</b>	<b>7,167.95</b>
Change in Indebtedness during the financial year				
— Addition	—	—	—	—
— Reduction	6,192.96	550.00	225.25	6,968.21
<b>Net Change</b>	<b>6,192.96</b>	<b>550.00</b>	<b>225.25</b>	<b>6,968.21</b>
Indebtedness at the end of the financial year				
i) Principal Amount	74.74	125.00	—	199.74
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>74.74</b>	<b>125.00</b>	<b>—</b>	<b>199.74</b>

## REPORT OF THE BOARD OF DIRECTORS

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr.Rajesh Batra Managing Director	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	23.89	23.89
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—
	Stock Option	—	—
	Sweat Equity	—	—
	Commission	—	—
	— as % of profit	—	—
	Others, please specify	—	—
	<b>Total (A)</b>	<b>23.89</b>	<b>23.89</b>

## B. Remuneration to other directors

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Fee for attending board/committee meetings	Commission	Other Please Specify	Total Amount
1.	<b>Independent Directors</b>				
	Mr. Arjun Bulchandani*	0.40	NIL	NIL	0.40
	Mr. H.K. Vakharia	0.60	NIL	NIL	0.60
	Mr. N. R. Mahalingam	2.20	NIL	NIL	2.20
	Dr. S. D. Israni	2.20	NIL	NIL	2.20
	Mr. N. Santhanam	1.80	NIL	NIL	1.80
	Mrs. Pheroza Jimmy Bilimoria	1.30	NIL	NIL	1.30
	<b>Total (1)</b>	<b>8.50</b>	<b>NIL</b>	<b>NIL</b>	<b>8.50</b>
2.	<b>Other Non-Executive Directors</b>				
	Mr. Rajiv Batra	0.20	NIL	NIL	0.20
	Mr. Nabankur Gupta	2.10	NIL	NIL	2.10
	<b>Total (2)</b>	<b>2.30</b>	<b>NIL</b>	<b>NIL</b>	<b>2.30</b>
	<b>Total (B) = (1+2)</b>	<b>10.80</b>	<b>NIL</b>	<b>NIL</b>	<b>10.80</b>

\* ceased to be an independent director w.e.f. 08/11/2016

REPORT OF THE BOARD OF DIRECTORS

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Divakar Kamath <i>President &amp; CFO</i>	Sudhanshu Namdeo <i>Company Secretary</i>	
1.	Gross Salary			
2.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.44	21.08	52.52
3.	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	—	—	—
4.	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—
5.	Stock Option	—	—	—
6.	Sweat Equity	—	—	—
7.	Commission			
	— as % of profit	—	—	—
	— others, specify	—	—	—
8.	Others, please specify	—	—	—
9.	<b>Total</b>	<b>31.44</b>	<b>21.08</b>	<b>52.52</b>

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>B. Directors</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>C. Other Officers In Default</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

## REPORT OF THE BOARD OF DIRECTORS

## Annexure III

## Form No. AOC-2

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis : Nil
2. Details of material contracts or arrangement or transactions at arm's length basis :

(a)	Name(s) of the related party and nature of relationship :	M/s. Cravatex Brands Limited, a wholly owned subsidiary of the Company.
(b)	Nature of contracts/ arrangements/ transactions :	Transfer of Business Undertaking on Slump Sale Basis
(c)	Duration of the contracts/ arrangements/ transactions :	N.A.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Under the Business Transfer Agreement dated February 6, 2017 executed between the Company and Cravatex Brands Limited, the Company sold and transferred its Business Undertaking to Cravatex Brands Limited as an inseparable whole, as a going concern on slump sale basis for lump sum consideration of Rs.32,68,00,000/- (Rupees Thirty Two Crores and Sixty Eight Lacs Only). The said lump sum consideration was discharged in full by CBL by issue and allotment to the Company of 32,68,000 equity shares of CBL at face value of Rs.100/- each credited as fully paid up.
(e)	Date(s) of approval by the Board, if any :	February 2, 2017
(f)	Amount paid as advances, if any :	N.A.

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

**Rajesh Batra**  
Chairman & Managing Director

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



## REPORT OF THE BOARD OF DIRECTORS

### Annexure IV

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

*For the Financial year ended 31st March 2017  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

#### To The Members of Cravatex Limited

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cravatex Limited (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Cravatex Limited for the financial year ended on 31st March 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit period as the Company has not issued any new security);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit period as the Company has not issued any securities under Employee Stock Option Scheme);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit period as delisting of securities did not take place); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit period as the Company has not Bought back its securities);
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

## REPORT OF THE BOARD OF DIRECTORS

The Management has confirmed that the company is engaged in trading activity only and therefore there is no sector specific law applicable to the company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below.

*The company has appointed the Chief Financial Officer with a delay of 82 days after the expiry of six months from the vacancy created in the office of Chief Financial Officer.*

We further report that the Company has disclosed the Nomination and Remuneration Policy in the Annual Report in brief and the same has been disclosed on the website of the Company in detail as required under Section 178(4) of the Companies Act, 2013.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except where the Board meeting was held at a shorter notice in accordance with the Companies Act, 2013 and Secretarial Standard 1, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried out unanimously and therefore the question of capturing the views of dissenting members does not arise.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- (i) Public/Rights/Bonus issue of shares/debentures/sweat equity.
- (ii) Redemption/buy-back of securities.
- (iii) Merger/amalgamation/reconstruction etc.
- (iv) Foreign technical collaborations.

For Hemanshu Kapadia & Associates

**Hemanshu Kapadia**  
*Proprietor*  
C.P. No. 2285  
Membership No. 3477

Place : Mumbai  
Dated : May 29, 2017

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**REPORT OF THE BOARD OF DIRECTORS****Annexure A****To The Members of Cravatex Limited**

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

Our report of even date is to be read along with the letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Hemanshu Kapadia & Associates

**Hemanshu Kapadia**  
*Proprietor*  
C.P. No. 2285  
Membership No. 3477

Place : Mumbai  
Dated : May 29, 2017

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### (a) Industry Structure and developments

The company dealt with Sports goods and Fitness equipments during the FY 2016-17.

##### (i) Sports goods

The segment consisted of FILA branded Sports goods, such as shoes, apparels and accessories. The ecommerce space was a major customer for the segment.

The slowing down of secondary sales in this segment due to lower discounts and the effect of demonitisation post early November 2016 led to lower primary sales in this market segment.

##### (ii) Fitness equipments

The fitness equipment sales to Commercial segment was a major contributor to this business. The sales of fitness equipment to the home segment customer experienced a slowdown. This increased reliance on the Gym and Real estate sector. These sectors also experienced lower than normal sales due to the deferment of purchases.

Both the segments were severely affected by demonitisation in November 2016 due to postponement of purchases across the market.

#### (b) Opportunities and Threats

Online market offers considerable growth opportunity due to increasing penetration of online market place in the country. However, the pressure on margins and huge requirement of investment on infrastructure and outreach is a challenge for suppliers.

#### (c) Segment-wise or product wise performance

Revenues from FILA branded products, which contributes around 60% of the revenues, suffered from after effects of demonitisation due to postponement of purchases. Gym equipment business performance also suffered due to demonitisation and the overall sluggish market conditions.

#### (d) Outlook

The company has transferred the business of these operating divisions to Cravatex Brands Limited as on March 23, 2017. The business has been re-capitalised through an investment by Paragon Partners Growth Fund in the subsidiary. This gives a stronger outlook to the business in the medium term.

#### (e) Risks and concerns

The underlying business is still competitive and with the imminent implementation of GST there might be some short term disruption. The longer term prospects are still positive.

#### (f) Internal control systems and their adequacy

The overall internal control system has improved substantially over the years. The present control system is considered as adequate to take care of the current business of the company.

#### (g) Discussion on financial performance with respect to operational performance

The overall adverse market condition coupled with after effects of demonitisation severely impacted the company during FY 2016-17.

During the first half of FY 2016-17, performance of the company started showing desirable positive results on account of various measures taken. Quarter 2 of FY 2016-17 indicated a turnaround after the previous year set back. With ongoing measures such as improvement in working capital management, Forex management and the cost control, it was expected that the company would return to profitability by the year end 2017. However, post demonitisation, the sales nosedived

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

uncontrollably due to postponement of purchases across the market. The situation was largely contained on war footing but not before a severe dent in top line. Total revenue from operations during the year severely suffered with negative variance of 15.57% over the previous year. The company recorded an operating revenue of Rs156.97 Cr vis-à-vis Rs 185.91 Cr. Due to various steps taken by the company, the overall expenses were lower showing improvement over previous year in real terms. Finance cost was lower at Rs 9.62 Cr as against Rs 11.98 Cr in the previous year due to improved working capital management. The Gross profit also showed improvement mainly due to supportive exchange rates during the year. However due to lower sales, the company recorded a loss of Rs 11.04 Cr vis-à-vis Rs 9.01 Cr before exceptional items.

With a steady stream of lease income from 3 commercial properties, the company is expected to record positive profitability in the next FY 2017-18.

**(h) Material developments in Human Resources/Industrial Relations front, including number of people employed.**

The overall industrial relation had been satisfactory with no adverse development. The company has around 11 employees on its rolls as at 31st March 2017 which is lower than the previous year due to transfer of employees along with the business to the subsidiary.

## REPORT ON CORPORATE GOVERNANCE

### REPORT ON CORPORATE GOVERNANCE

The Board has taken adequate steps to ensure that all mandatory provisions of Corporate Governance has been complied with. The Board furnishes the following relevant information for the benefit of the Members.

#### 1. Company's Philosophy on Code of Governance

Your Company is committed to bring about good corporate governance practices. The Company serves its customers with creative and innovative ideas and solutions and displays its passion through the quality of its products and services. The Company demands excellence in all aspects of the business, help the people succeed by providing them support and feedback and build teams that collaborate and contribute to their success. The Company aggressively promotes and protects its way of doing business. Every employee of the Company is not just an employee but an important resource and part of the family. The Company shows respect and values every employee of the Company and takes pride in their diversity. The Company has a commitment to do business with strong corporate governance and open-ness by working across all organisational boundaries and strive to break down internal barriers and accept the accountability for their own actions and results.

#### 2. Board of Directors

##### Composition / Category of Directors, Attendance, No. of Board/Committees No. of Shares

Directors	Designation	Board Meetings		Last AGM Attended	# No. of Other Directorships	@Member of Committees (Chairman)	No. of Shares
		Held	Attended				
Mr. Rajesh Batra (Chairman)	Managing Director	7	7	Yes	3	3	60
Mr. Arjun Bulchandani*	Independent Director	4	2	Yes	None	1	0
Mr. H. K. Vakharia	Independent Director	7	3	Yes	None	None	0
Mr. N. R. Mahalingam	Independent Director	7	7	Yes	1	2 (chairman of 1)	2,560
Dr. S. D. Israni	Independent Director	7	7	Yes	3	2	0
Mr. Nabankur Gupta	Non-executive Director	7	7	Yes	7	5	0
Mr. Rajiv Batra	Non-executive Director	7	1	Yes	1	None	20
Mr. N. Santhanam	Independent Director	7	6	Yes	None	1 (chairman of 1)	0
Mrs. Pheroza Jimmy Bilimoria	Independent Director	7	6	Yes	None	None	0

\* ceased to be an independent director w.e.f. 08/11/2016

# excludes alternate directorship, directorship in foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.

@ includes audit committee & shareholders'/investors' grievance committee of public companies.

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

The Company held 7 (Seven) Board Meetings during the Financial Year 2016 - 17. These were on May 27, 2016, August 12, 2016, August 26, 2016, November 7, 2016, February 2, 2017, February 10, 2017 and March 23, 2017.

## REPORT ON CORPORATE GOVERNANCE

### 3. Audit Committee

#### (a) Terms of Reference

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the Internal Auditors and Statutory Auditors, selection and establishment of accounting policies, review of financial statements, both quarterly and annual, before submission to the Board, review of management discussion and analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

#### (b) Composition

The Audit Committee consists of the following Non-executive Directors:

(1) Mr. N. Santhanam (Chairman) (2) Mr. Nabankur Gupta, (3) Dr. S.D. Israni and (4) Mr. N.R. Mahalingam  
Mr. Sudhanshu Namdeo, Company Secretary acts as the Secretary to the Committee.

#### (c) Number of Meetings, Attendance

The Company held 5 (five) Audit Committee Meetings on May 27, 2016, August 12, 2016, November 7, 2016, February 2, 2017, and February 10, 2017. The details of attendance of the Audit Committee Members during the financial year 2016 - 17 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Mr. N. Santhanam	5	4
Mr. Nabankur Gupta	5	5
Dr. S. D. Israni	5	5
Mr. N. R. Mahalingam	5	5

### 4. Nomination and Remuneration Committee

#### (a) Terms of Reference

Broad terms of reference of the Nomination and Remuneration Committee include to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

#### (b) Composition

The Nomination and Remuneration Committee consists of the following Non-executive Directors:

(1) Dr. S.D. Israni (Chairman) (2) Mr. Nabankur Gupta (3) Mr. N.R. Mahalingam and (4) Mr. N. Santhanam

#### (c) Number of Meetings and Attendance

The Company held 2 (two) Nomination and Remuneration Committee Meeting on May 27, 2016 and August 26, 2016. The details of attendance of the Nomination & Remuneration Committee Members during the financial year 2016 - 17 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Dr. S. D. Israni	2	2
Mr. Nabankur Gupta	2	2
Mr. N. R. Mahalingam	2	2
Mr. N. Santhanam	2	1

## REPORT ON CORPORATE GOVERNANCE

## 5. Details of Remuneration

The appointment of Managing Director is governed by the recommendation of the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Members of the Company, which covers the terms of such appointment and remuneration payable. The details of remuneration paid to the Managing Director during the financial year 2016 - 17 are given below:

Name	Designation	Gross Remuneration (Rs.)
Mr. Rajesh Batra	Managing Director	23,88,953/-

The Non-executive Directors are paid remuneration by way of sitting fees. The details of sitting fees paid to the Independent Directors and Non-executive Directors during the financial year 2016-17 are given below:

Name	Sitting Fees (Rs.)
Mr. Arjun Bulchandani*	40,000/-
Mr. H.K. Vakharia	60,000/-
Mr. N. R. Mahalingam	1,40,000/-
Dr. S. D. Israni	1,40,000/-
Mr. Nabankur Gupta	1,40,000/-
Mr. Rajiv Batra	20,000/-
Mr. N. Santhanam	1,20,000/-
Mrs. Pheroza Jimmy Bilimoria	1,20,000/-

\* ceased to be independent director w.e.f. 08/11/2016

The details of sitting fees paid to the Audit Committee Members during the financial year 2016 - 17 are given below:

Name	Sitting Fees (Rs.)
Mr. N. Santhanam	40,000/-
Mr. Nabankur Gupta	50,000/-
Dr. S. D. Israni	50,000/-
Mr. N. R. Mahalingam	50,000/-

The details of sitting fees paid to the Nomination & Remuneration Committee Members during the financial year 2016 - 17 are given below:

Name	Sitting Fees (Rs.)
Dr. S. D. Israni	20,000/-
Mr. Nabankur Gupta	20,000/-
Mr. N. R. Mahalingam	20,000/-
Mr. N. Santhanam	10,000/-

The Members of the Stakeholders Grievance Committee are not entitled to remuneration and accordingly, no remuneration has been paid to any of its Committee Members.



## REPORT ON CORPORATE GOVERNANCE

### Performance Evaluation:

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including Chairman of the Board. Pursuant to the provisions of the Companies Act, 2013 and Regulation 4(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and CSR Committees and other committees. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

### 6. Stakeholders Grievance Committee

#### (a) Terms of Reference

Broad terms of reference of the Stakeholders Relationship Committee include to approve and register the transfers and/or transmission of equity shares of the Company, redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

#### (b) Composition & Compliance Officer

The Stakeholders Relationship Committee consists of the following Directors:

(1) Mr. N.R. Mahalingam (Chairman) (2) Mr. Arjun Bulchandani\* and (3) Mr. Rajesh Batra

\* ceased to be the member w.e.f. 08/11/2016

Mr. Sudhanshu Namdeo, Company Secretary is designated as the Compliance Officer.

#### (c) No. of Shareholders Complaints & Not Resolved

There were 6 investor complaints received during the financial year 2016 - 17. There were no complaints pending at the end of the Financial Year.

### Independent Directors' Meeting:

During the year under review, Independent Directors met on March 23, 2017, without the presence of Managing Director, Non-Independent Directors and Management Team. The meeting was attended by all Independent Directors except Mr. H.K. Vakharia and was convened to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. At the meeting, they

- (i) reviewed the performance of non-independent directors and the Board as a whole;
- (ii) reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- (iii) assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board and its committees that is necessary for the Board to effectively and reasonably perform their duties

The Independent Directors present in the meeting hold an unanimous opinion that the Non-Independent Directors, including the Managing Director bring to the Board, abundant knowledge in their respective field and are experts in their areas. Besides, they are insightful, convincing, astute, with a keen sense of observation, mature and have a deep knowledge of the Company. The Board as a whole is an integrated, balanced and cohesive unit where diverse views are expressed and dialogued when required, with each Director bringing professional domain knowledge to the table. All Directors are participative, interactive and communicative. The Chairperson has abundant knowledge, experience, skills and understanding of the Board's functioning, possesses a mind for detail, is meticulous to the core and conducts the Meetings with poise and maturity.

The information flow between the Company's Management and the Board is complete, timely with good quality and sufficient quantity.

## REPORT ON CORPORATE GOVERNANCE

### 7. General Body Meetings

(a) Location and time where last three AGMs were held:

	I (AGM)	II (AGM)	III (AGM)
Date	12/08/2016	14/08/2015	13/08/2014
Venue	Textiles Committee P. Balu Road, Prabhadevi Chowk Prabhadevi Mumbai-400 025	Textiles Committee P. Balu Road, Prabhadevi Chowk Prabhadevi Mumbai-400 025	Rachana Sansad Auditorium 278, Shankar Ghanekar Marg Prabhadevi Mumbai-400 025
Time	11.30 a.m.	11.30 a.m.	10.30 a.m.

(b) Whether any Special Resolutions were passed in the previous three AGMs ?

Yes

(c) Whether any Special Resolutions were passed last year through postal ballot - details of voting pattern.

The Company vide postal ballot passed on April 2, 2016 (the last date of receipt of the postal ballot forms or e-voting) sought the consent of its members for the following items of business:

- Re-classification and Increase in Authorized Share Capital and Alteration of Memorandum of Association (Ordinary Resolution).
- Adoption of new set of Articles of Association of the Company (Special Resolution).
- Issue of 90,00,000 4% Non - Convertible Cumulative Redeemable Preference shares on Private Placement basis (Special Resolution).

All the above resolutions were passed by requisite majority.

The Company vide postal ballot passed on March 9, 2017 (the last date of receipt of the postal ballot forms or e-voting) sought the consent of its members for the following items of business:

- Authorisation to sell and transfer the Company's business undertaking engaged in the business of import, marketing, distribution and servicing of fitness equipment as well as through licensing arrangements with global brands, the design, sourcing, and the marketing, distribution and retail of footwear, apparel, and sporting goods together with associated employees, assets and liabilities to Cravatex Brands Limited, a wholly owned subsidiary of the company, by way of a slump sale u/s 180(1)(a) of the Companies Act, 2013.

The above resolution was passed by requisite majority.

(d) Person who conducted the postal ballot exercise ?

Mr. Hemanshu L. Kapadia (FCS: 3477), Proprietor of M/s. Hemanshu Kapadia and Associates, Practising Company Secretaries, Mumbai for postal ballot passed on April 2, 2016

Mrs. Jayshree S. Joshi (FCS: 1451), Proprietor of M/s. Jayshree Dagli & Associates, Practising Company Secretaries, Mumbai for postal ballot passed on March 9, 2017

(e) Whether any Special Resolution is proposed to be conducted through postal ballot this year ?

No

(f) Procedure for Postal Ballot:

The procedure for conducting the postal ballot exercise followed by the Company was as per the Companies (Management and Administration) Rules, 2014 read with Section 110 of the Companies Act, 2013 and as mentioned in the Secretarial Standard 2 issued by Institute of Company Secretaries of India.

### 8. Means of Communication

(a) Quarterly Results:

The unaudited quarterly results are announced within 45 days from the end of the quarter and the audited annual results within 60 days from the end of the last quarter, as stipulated under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

**REPORT ON CORPORATE GOVERNANCE**

- (b) Newspapers wherein results normally published:  
Business Standard (in English) and in Sakal (in Marathi)
- (c) Any Website, where displayed:  
www.cravatex.com
- (d) Whether Website also displays official news releases: No
- (e) Whether presentations made to institutional investors or to the analysts : No

**9. General Shareholder Information**

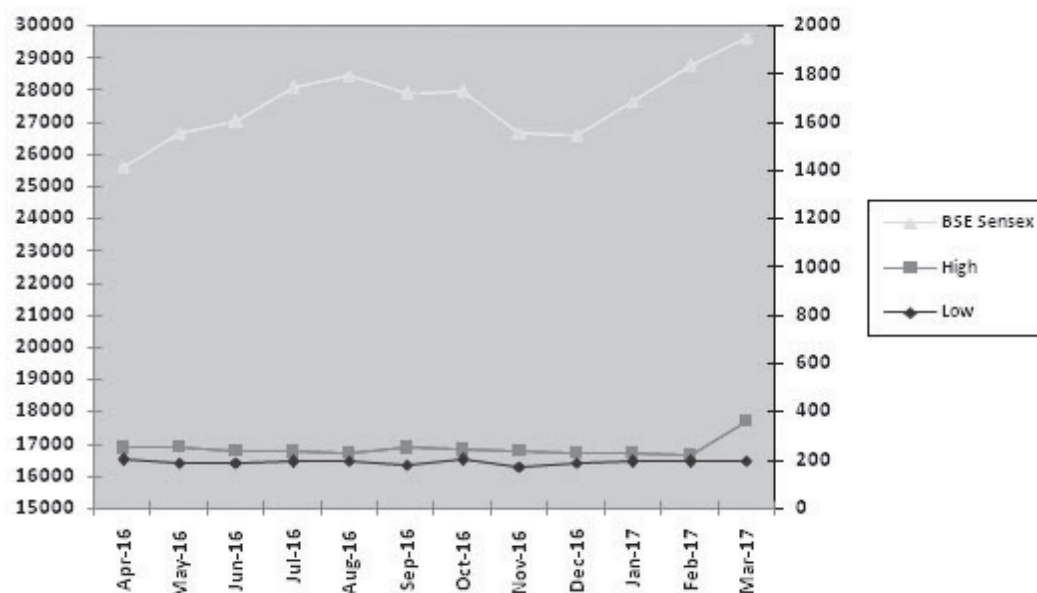
- (a) Annual General Meeting will be held on Friday, September 8, 2017 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025
- (b) Financial Year:
  - Annual General Meeting : Friday, Septmber 8, 2017
  - Results for quarter ending June 30, 2017 : Second week of September, 2017
  - Results for quarter ending September 30, 2017 : Second week of December, 2017
  - Results for quarter ending December 31, 2017 : Second week of March, 2018
  - Results for the year ending March 31, 2018 : On or Before May 30, 2018
- (c) Date of Book Closure : Saturday, September 2, 2017 to Friday, September 8, 2017 (both days inclusive)
- (d) Listing on Stock Exchange : Company's shares are listed on the Bombay Stock Exchange Ltd.
- (e) Stock Code : 509472  
SYMBOL : CRAVATEX  
Demat ISIN : INE145E01017
- (f) Market Price Data : High: Rs.360.80 (29/03/2017, 30/03/2017 & 31/03/2017)  
(during Financial Year 2016-17) Low: Rs.172.25 (21/11/2016)

High, Low and Number of Shares Traded during each month in the financial year 2016-17 on the BSE Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr-16	249.00	198.50	8,082	168	18,59,517
May-16	255.00	185.30	12,287	293	26,29,475
Jun-16	239.00	185.00	8,363	169	17,58,571
Jul-16	233.90	191.00	5,179	135	11,24,649
Aug-16	230.80	195.05	16,755	297	34,36,115
Sep-16	248.00	180.00	17,589	467	35,78,228
Oct-16	240.00	201.00	4,466	107	9,58,787
Nov-16	239.00	172.25	11,430	183	21,47,096
Dec-16	227.95	188.00	1,430	96	2,95,167
Jan-17	229.00	191.20	9,549	248	19,39,847
Feb-17	220.00	191.70	16,735	310	33,94,940
Mar-17	360.80	194.00	52,554	907	1,59,44,219

REPORT ON CORPORATE GOVERNANCE

(g) Stock Performance:



(h) 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 – 400 072

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

(i) Share Transfer System:

93.80% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. The share transfers received in physical form are processed and share certificates are returned within a period of 15 days from the date of receipt, subject to the transfer instruments being valid and complete in all respects. The Company has also offered the facility of transfer cum demat as per SEBI guidelines.

(j) Distribution of Shareholding as on March 31, 2017:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Less than 500	2,100	94.30	1,85,330	7.17
501 to 1000	69	3.10	54,711	2.12
1001 to 2000	31	1.39	43,909	1.70
2001 to 3000	7	0.31	17,588	0.68
3001 to 4000	2	0.09	6,380	0.25
4001 to 5000	2	0.09	8,807	0.34
5001 to 10000	5	0.22	39,090	1.51
10001 and above	11	0.49	22,28,345	86.23
<b>Total</b>	<b>2,227</b>	<b>100.00</b>	<b>25,84,160</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE

Shareholding Pattern as on March 31, 2017

Equity Share Capital (Listed)

Category	No. of Shares	% To Equity Paid-up Capital
Promoters	19,38,120	75.00
Bodies Corporate	11,488	0.45
NRI*	9,192	0.35
Public	6,25,360	24.20
<b>Total Capital</b>	<b>25,84,160</b>	<b>100.00</b>

\* Total foreign shareholding in the company is 25,612 (1.00%) of which 16,420 (0.64%) is included in Indian Promoters.

4% Non-Convertible Cumulative Redeemable Preference Shares (Unlisted)

Category	No. of Shares	% To Preference Paid-up Capital
Promoters	90,00,000	100.00
<b>Total Preference Capital</b>	<b>90,00,000</b>	<b>100.00</b>

(k) Dematerialisation of equity shares and liquidity

Of the Company's total shareholding, 24,23,964 (93.80%) equity shares were held in dematerialised mode by the Members of the Company of which 23,20,036 (89.78%) equity shares were under National Securities Depository Limited (NSDL) and balance 1,03,928 (4.02%) equity shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2017.

(l) Share Capital Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Practising Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and shares held in physical form as per the register of members vis-à-vis the total issued and listed capital. This audit is carried out every quarter and the report is submitted to the Bombay Stock Exchange Ltd.

(m) In terms of Section 205C of the Companies Act 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules 2001, the Company has credited during the financial year ended March 31, 2017, a sum of Rs. 95,312/- to the Investor Education and Protection Fund (IEPF). Upto the financial year ended March 31, 2017 an amount of Rs.9,22,840/- has been credited to the Investor Education & Protection Fund.

(n) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

None

(o) Plant Location

None

(p) Address for Correspondence

Sahas, 4<sup>th</sup> Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai-400 025  
Tel. No.: 022-6666 7474, Fax No.: 022-2431 3210  
E-mail : investors@cravatex.com

## REPORT ON CORPORATE GOVERNANCE

### 10. Other Disclosures:

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large:

The Company sold and transferred its business undertaking engaged in the business of import, marketing, distribution and servicing of fitness equipment as well as through licensing arrangements with global brands, the design, sourcing, and the marketing, distribution and retail of footwear, apparel, and sporting goods together with associated employees, assets and liabilities, to its wholly owned subsidiary M/s. Cravatex Brands Limited (CBL), a related party, u/s 188(1) of the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on slump sale basis for lump sum consideration of Rs.32,68,00,000/- (Rupees Thirty Two Crores and Sixty Eight Lacs Only). The said lump sum consideration was discharged in full by CBL by issue and allotment to the Company of 32,68,000 equity shares of CBL at face value of Rs.100/- each.

Other than the above none of the transactions with any of the related parties were in conflict with the interest of the Company at large.

- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : None
- (c) The Company has adopted the Whistle Blower Policy. The Company does not deny access to any personnel to approach the Management on any issue.
- (d) The Company has complied with all the mandatory requirements under the regulations.
- (e) As there are only two subsidiaries there is no policy for determining material subsidiaries. The policy on dealing with related party transactions is available on the website of the Company at [www.cravatex.com](http://www.cravatex.com).

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

**Rajesh Batra**  
*Chairman & Managing Director*

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)

**REPORT ON CORPORATE GOVERNANCE****DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT**

This is to confirm that as provided under Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, all Board of Directors and Senior Management of the Company have affirmed Compliance with the Code of Conduct for the Financial Year ended March 31, 2017.

For Cravatex Limited,

**Rajesh Batra**  
*Chairman & Managing Director*

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

**COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE**

To,

The Members of Cravatex Limited

We have examined the compliance of conditions of Corporate Governance by Cravatex Limited, for the year ended on 31<sup>st</sup> March 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mentioned above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Hemanshu Kapadia & Associates

**Hemanshu Kapadia**  
*Proprietor*  
C.P. No. 2285  
Membership No.: 3477

Place : Mumbai

Dated : May 29, 2017

## AUDITORS' REPORT

### AUDITORS' REPORT

#### To the Members of Cravatex Limited

#### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Cravatex Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2017 and its loss and its cash flows for the year ended on that date.

#### Other Matters

An amount of Rs.77,50,000 is due from a party with whom the Company had entered into a Contract of Engagement as a Consultant in an earlier year. The Contract was terminated with effect from 1 April 2007. The Company initiated Arbitration proceedings and is hopeful of recovering this amount (refer to Note '2.27' to the financial statements). We are however unable to comment on the fate of this debt.



## AUDITORS' REPORT

Our report is not qualified in respect of other matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us).
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account (and with the returns received from branches not visited by us).
  - d. In our opinion, aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of section 164(2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of the pending litigation on its financial statements. (Refer to Note '2.27' to the financial statements)
    - (ii) The Company has made provision, as required under any applicable law or accounting standards, for material foreseeable losses, if any, and as required on long- term contracts.
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - (iv) The Company has provided requisite disclosure in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company (Refer Note '2.34' in the financial statements).

For **S. P. CHOPRA & CO.**  
*Chartered Accountants*  
 Firm Registration No. 101911W

**Y. K. Shankardass**  
*Partner.*  
 Membership No. F-5106

Place : Mumbai  
 Dated : May 29, 2017

## AUDITORS' REPORT

### Annexure to the Auditors' Report

Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of even date to the Members of Cravatex Limited

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.
- (ii) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and the discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the product of the Company.
- (vii) (a) According to the records maintained by the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were in arrears as on 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of income-tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (viii) As per information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing from banks. The Company does not have any loans or borrowings from any financial institution, government or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the records maintained by the Company and as per information and explanations given to us the managerial remuneration has been paid in accordance with the requisite approvals as required under section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements (Note '2.35').

**AUDITORS' REPORT**

- (xiv) The Company has made private placement to related parties of 9,000,000 4% Non-convertible Cumulative Redeemable Preferential Shares of Rs.10/- each during the year in compliance with Section 42 of the Companies Act, 2013 and the amount raised has been used for the purpose for which the funds were raised.
- (xv) As per information and explanations given to us the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) As explained to us, the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934 as this is not applicable to the Company.

For **S. P. CHOPRA & CO.**  
*Chartered Accountants*  
Firm Registration No. 101911W

**Y. K. Shankardass**  
*Partner.*  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2017

## BALANCE SHEET

## BALANCE SHEET AS AT 31 MARCH, 2017

	Note No.	2016-2017 Rupees	2015-2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds:			
Share Capital	2.1	11,58,41,600	2,58,41,600
Reserves and Surplus	2.2	26,92,60,413	29,88,09,857
		<b>38,51,02,013</b>	<b>32,46,51,457</b>
Non-current Liabilities:			
Long-term borrowings	2.3	—	9,04,68,057
Deferred tax liabilities (Net)	2.4	2,04,39,728	5,52,18,485
Other Long-term liabilities	2.5	2,60,64,400	3,77,19,400
		<b>4,65,04,128</b>	<b>18,34,05,942</b>
Current Liabilities:			
Short-term borrowings	2.6	1,99,73,562	62,63,26,765
Trade payables	2.7	7,88,515	32,10,51,349
Other current liabilities	2.8	5,91,18,323	9,52,16,495
Short-term provisions	2.9	54,20,637	47,50,650
		<b>8,53,01,037</b>	<b>1,04,73,45,259</b>
	<b>TOTAL</b>	<b>51,69,07,178</b>	<b>1,55,54,02,658</b>
<b>ASSETS</b>			
Non-current Assets:			
Fixed Assets:			
Tangible assets	2.10	9,86,76,467	12,73,25,956
Intangible assets		1,33,67,674	14,31,85,587
		<b>11,20,44,141</b>	<b>27,05,11,543</b>
Non-current Investments	2.11	33,13,07,507	42,07,507
Long-term loans and advances	2.12	13,50,000	13,50,000
Other non-current assets	2.13	86,00,713	5,12,10,625
		<b>45,33,02,361</b>	<b>32,72,79,675</b>
Current Assets:			
Inventories	2.14	1,01,80,971	52,13,65,781
Trade receivables	2.15	1,02,48,523	65,35,32,215
Cash and cash equivalents	2.16	1,87,37,731	1,66,32,184
Short-term loans and advances	2.17	2,41,28,415	3,54,67,187
Other current assets	2.18	3,09,177	11,25,616
		<b>6,36,04,817</b>	<b>1,22,81,22,983</b>
	<b>TOTAL</b>	<b>51,69,07,178</b>	<b>1,55,54,02,658</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2		

As per our report of even date

For and on behalf of the Board

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No.101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2017

**Rajesh Batra**  
Chairman & Managing Director  
DIN: 00020764

**Nabankur Gupta**  
Director  
DIN: 00020125

**Divakar Kamath**  
President Corporate  
Affairs & CFO

**N. R. Mahalingam**  
Director  
DIN: 00035601

**Sudhanshu Namdeo**  
Company Secretary  
Membership No.: A17132

**PROFIT AND LOSS STATEMENT**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017**

	Note No.	2016-2017 Rupees	2015-2016 Rupees
<b>INCOME</b>			
Revenue from operations	2.19	1,56,97,36,414	1,85,90,98,003
Other Income	2.20	3,04,74,737	2,68,18,830
<b>TOTAL REVENUE</b>		<b>1,60,02,11,151</b>	<b>1,88,59,16,833</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade		99,57,92,854	1,28,10,03,424
Change in Inventories of Stock-in-Trade	2.21	2,53,76,866	(5,73,56,544)
Employee benefits expense	2.22	19,70,00,267	20,21,95,407
Finance costs	2.23	9,61,75,134	11,97,78,663
Depreciation	2.10	3,11,59,836	3,08,36,271
Other expenses	2.24	36,51,08,551	39,96,06,959
<b>TOTAL EXPENSES</b>		<b>1,71,06,13,508</b>	<b>1,97,60,64,180</b>
<b>Loss before exceptional items</b>		<b>(11,04,02,357)</b>	<b>(9,01,47,347)</b>
Exceptional items :			
Profit on Sale of Undertaking {Note: 2.28} (Netted off with Expenses relating to Investment banking & professional charges amounting Rs. 97 lakhs)		4,60,74,156	—
<b>Loss before Tax</b>		<b>(6,43,28,201)</b>	<b>(9,01,47,347)</b>
Tax expense :			
Deferred tax Asset/(Liability)		3,47,78,757	(21,10,836)
<b>Loss for the period</b>		<b>(2,95,49,444)</b>	<b>(9,22,58,183)</b>
Basic and Diluted Earning per Equity Share (in Rs.)	2.25	<b>(13.06)</b>	(35.70)
Significant Accounting Policies	1		
Notes on Financial Statements	2		

As per our report of even date

For and on behalf of the Board

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No.101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2017

**Rajesh Batra**  
Chairman & Managing Director  
DIN: 00020764

**Nabankur Gupta**  
Director  
DIN: 00020125

**Divakar Kamath**  
President Corporate  
Affairs & CFO

**N. R. Mahalingam**  
Director  
DIN: 00035601

**Sudhanshu Namdeo**  
Company Secretary  
Membership No.: A17132

## CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	2016-2017 Rupees	2015-2016 Rupees
<b>A Cash flow from operating activities</b>		
Net profit/(loss) before tax	(6,43,28,201)	(9,01,47,347)
Adjustments for:		
Exceptional items	(4,60,74,156)	—
Depreciation	3,11,59,836	3,08,36,271
Interest income	(25,268)	(14,23,495)
Dividend income	(1,688)	(28,653)
Interest expenses	9,61,75,134	11,97,78,663
Operating profit before working capital changes	1,69,05,657	5,90,15,439
Adjustments for:		
(Increase)/Decrease in Trade Receivables	64,32,83,692	37,69,865
(Increase)/Decrease in Inventories	51,11,84,810	(5,73,56,544)
(Increase)/Decrease in Loans & Advances	5,52,99,778	(13,10,796)
(Increase)/Decrease in Other Current Assets	8,16,709	(10,92,709)
Increase/(Decrease) in Other Long-term Liabilities	(1,16,55,000)	(6,90,000)
Increase/(Decrease) in Current Liabilities	(35,54,62,046)	8,79,24,469
Cash generated from operations	86,03,73,600	9,02,59,724
Income Tax Refund/(Paid)	(13,51,093)	(48,19,395)
Net cash from operating activities	85,90,22,507	8,54,40,329
<b>B Cash flow from investing activities</b>		
Additions to Fixed assets	(71,20,700)	(1,72,75,534)
Proceeds from Sale of Fixed assets	13,44,28,266	—
Investment in Equity shares of Subsidiary Company	(32,71,00,000)	—
Net Proceeds from Sale of undertaking	4,60,74,156	—
Interest received	26,686	14,61,473
Net cash from/(used in) investing activities	(15,36,91,592)	(1,58,14,061)
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of Non-convertible Cumulative Redeemable Preference Shares	9,00,00,000	—
Long Term Borrowings	(9,04,68,057)	2,79,63,802
Short Term Borrowings	(60,63,53,203)	2,48,13,516
Interest paid	(9,64,04,108)	(12,03,92,512)
Dividend paid	—	(51,51,528)
Net cash from/(used in) financing activities	(70,32,25,368)	(7,27,66,722)
Net cash flows during the year (A+B+C)	21,05,547	(31,40,454)
Cash and cash equivalents (opening balance)	1,66,32,184	1,97,72,637
Cash and cash equivalents (closing balance)	1,87,37,731	1,66,32,184

As per our report of even date

For and on behalf of the Board

For **S. P. CHOPRA & CO.**

Chartered Accountants

Firm Registration No.101911W

**Y. K. Shankardass**

Partner

Membership No. F-5106

Place : Mumbai

Dated : May 29, 2017

**Rajesh Batra**

Chairman &amp; Managing Director

DIN: 00020764

**Nabankur Gupta**

Director

DIN: 00020125

**Divakar Kamath**

President Corporate

Affairs &amp; CFO

**N. R. Mahalingam**

Director

DIN: 00035601

**Sudhanshu Namdeo**

Company Secretary

Membership No.: A17132

## NOTES TO FINANCIAL STATEMENT

### NOTE '1' — SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standard (AS) Notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabilities.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

(c) Tangible Fixed assets and depreciation:

- (i) Tangible Fixed Assets are stated at cost of acquisition, net off tax/duty credits availed less accumulated depreciation.
- (ii) Depreciation on fixed assets is provided prorata from/up to the date of acquisition using straight-line method in the manner prescribed under schedule II of the Companies Act, 2013, which also represents the useful life of fixed assets.

(d) Intangible assets

Cost related to software are capitalized as 'Intangible Assets' and amortized on a straight-line basis over a period of 10 years.

(e) Inventories

Stock-in-trade and spares are valued at lower of cost and net realizable value, cost being the actual purchase price and other costs that are necessary to bring the inventories to the present location and condition.

Cost of inventories is computed on a weighted-average basis.

(f) Revenue Recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company.

- (i) Sales are recognized at point of dispatch of goods to the customers and are stated net of taxes and discounts.
- (ii) Revenue from services is recognized on rendering of services.
- (iii) Interest and other Income is recognized on accrual basis.

(g) Foreign currency transactions

- (i) Initial Recognition - Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of transaction.
- (ii) Conversion - Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet.
- (iii) Exchange differences - All exchange differences arising on settlement/conversion of foreign currency transactions are included in the Statement of Profit and Loss in the year in which they arise.
- (iv) Forward Contract - The Company uses foreign exchange forward contracts to hedge its exposure of foreign currency fluctuations. Any profit or loss arising on cancellation or renewal of foreign exchange forward contracts is recognized as income or expenses for the year.

(h) Employee Benefits:

(a) Defined Contribution Plan

The Company makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance, ESI and Superannuation Schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

## NOTES TO FINANCIAL STATEMENT

(b) Defined Benefit Plan

The Company has defined benefit Plans for post employment benefits, for all employees in the Form of Gratuity administered through trust funded with Life Insurance Corporation of India. The Company's liabilities under Payment of Gratuity Act is determined on the basis of actuarial valuation made by Life Insurance Corporation of India, at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss as income or expense.

(i) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with provisions of Income Tax act 1961.

Deferred tax is recognized on timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted at the Balance Sheet date and is capable of reversal in one or more subsequent periods.

(j) Earning per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted-average number of equity shares outstanding during the period. The weighted-average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

(k) Contingent Liability and provision

Contingent Liabilities are possible but not probable obligations as on Balance Sheet date, based on the available evidence. Provisions are recognized when there is a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.



## NOTES TO FINANCIAL STATEMENT

## NOTE '2' – NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

	2016-2017 Rupees	2015-2016 Rupees
<b>2.1 — SHARE CAPITAL</b>		
<b>Authorised:</b>		
48,50,000 Equity shares of Rs.10 each	4,85,00,000	4,85,00,000
1,50,000 9.5% Redeemable Cumulative Preference shares of Rs. 100 each	15,00,000	15,00,000
1,00,00,000 4% Non-convertible Cumulative Redeemable Preference shares of Rs. 10 each	10,00,00,000	—
1,50,00,000	15,00,00,000	5,00,00,000

The Authorised Share Capital of the Company was increased to Rs.15,00,00,000 by increase in the 4% Non-convertible Cumulative Redeemable Preference shares to Rs.10,00,00,000 and reclassification of the 9.5% Redeemable Cumulative Preference shares from Rs.100 each to Rs.10 each with effect from 2 April 2016

**Issued, Subscribed and fully paid-up:**

12,92,080 Equity shares of Rs. 10 each	1,29,20,800	1,29,20,800
12,92,080 Equity shares of Rs. 10 each allotted as fully paid up by way of bonus shares	1,29,20,800	1,29,20,800
90,00,000 4% Non-convertible Cumulative Redeemable Preference Shares of Rs. 10 each	9,00,00,000	—
1,15,84,160	11,58,41,600	2,58,41,600

**A) Reconciliation of Number of Shares:****1 Equity shares of Rs.10 each**

Shares outstanding at the beginning of the year	25,84,160	25,84,160
Shares Issued during the year	—	—
<b>Shares outstanding at the end of the year</b>	<b>25,84,160</b>	<b>25,84,160</b>

**2 4% Non-convertible Cumulative Redeemable Preference Shares of Rs. 10 each as a private placement to related parties**

Shares outstanding at the beginning of the year	—	—
Shares Issued during the year	90,00,000	—
<b>Shares outstanding at the end of the year</b>	<b>90,00,000</b>	<b>—</b>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

B) The details of Shareholders holding more than 5% shares:

Name of the Equity Shareholder	As at 31.03.2017	As at 31.03.2016
R.B. Fitness & Trading Pvt. Ltd.		
No. of shares held	19,21,570	19,21,570
% Held	74.36	74.36

Name of the 4% Non-convertible Cumulative Redeemable Preference Shareholder	As at 31.03.2017	As at 31.03.2016
Proline Exports Pvt. Ltd.		
No. of shares held	69,17,500	—
% Held	76.86	—
Mr. Rajesh Batra		
No. of shares held	7,37,500	—
% Held	8.19	—

#### Terms/rights attached to the Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential holders. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Terms/rights attached to the 4% Non-convertible Cumulative Redeemable Preference shares of Rs.10 each

The Company has only one class of Preference shares i.e. 4% Non-convertible Cumulative Redeemable preference share having a face value of Rs.10/- per share. Preference shareholders shall rank for dividend in priority to the equity shares. The Preference shareholder shall be eligible for 4% fixed cumulative preferential dividend. The said preference shares are non-convertible.

The voting rights of the persons holding the said shares shall be in accordance with the provisions of the Companies Act, 2013. The said preference shares shall be redeemable not later than 20 years from the date of issue.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.2 — RESERVES AND SURPLUS</b>		
<b>Capital Reserve:</b>		
(Subsidy received from Govt. of Karnataka)		
Balance as per last Account	<u>18,92,000</u>	<u>18,92,000</u>
<b>Export Profit Reserve:</b>		
Balance as per last Account	<u>1,68,000</u>	<u>1,68,000</u>
<b>General Reserve:</b>		
Balance as per last Account	<u>29,67,49,857</u>	<u>36,88,44,809</u>
Add : Transfer from Profit and Loss Account	—	—
Less : Debit balance transferred from Profit and Loss Account	<u>(2,95,49,444)</u>	<u>(7,20,94,952)</u>
	<u>26,72,00,413</u>	<u>29,67,49,857</u>
<b>Profit and Loss Account:</b>		
Balance as per last Account	—	2,01,63,231
Profit / (Loss) for the year	<u>(2,95,49,444)</u>	<u>(9,22,58,183)</u>
	<u>(2,95,49,444)</u>	<u>(7,20,94,952)</u>
Add : Debit balance adjusted by transfer to General Reserve	<u>2,95,49,444</u>	<u>7,20,94,952</u>
Amount available for appropriation	—	—
Balance in Profit and Loss account	—	—
<b>Total Reserve</b>	<u>26,92,60,413</u>	<u>29,88,09,857</u>
<b>2.3 — LONG-TERM BORROWINGS</b>		
<b>Term Loan from Bank:</b>		
<b>Axis Bank Ltd.</b>		
(i) Term Loan:		
Secured by exclusive first charge of equitable mortgage of Company's property at Prabhadevi, Mumbai	—	4,44,48,438
(ii) Term Loan:		
Secured by first charge on the lease rentals from Company's property at Nariman point, Mumbai	—	2,34,94,619
	—	<u>6,79,43,057</u>
<b>Unsecured:</b>		
<b>Fixed Deposits:</b>		
From related parties	—	2,13,25,000
From others	—	12,00,000
	—	<u>2,25,25,000</u>
	—	<u>9,04,68,057</u>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.4 — DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred tax liabilities:</b>		
Depreciation on fixed assets	2,04,39,728	5,56,81,483
<b>Deferred tax assets:</b>		
Disallowances under the Income tax Act, 1961	—	4,62,998
	<u>2,04,39,728</u>	<u>5,52,18,485</u>
<b>2.5 — OTHER LONG-TERM LIABILITIES</b>		
<b>Security deposits</b>		
For rental of property	2,53,04,400	2,53,04,400
From Dealers and Distributors	7,60,000	1,24,15,000
	<u>2,60,64,400</u>	<u>3,77,19,400</u>
<b>2.6 — SHORT TERM BORROWINGS</b>		
<b>From Bank:</b>		
Cash Credit & Working Capital Demand Loan		
(a) Axis Bank	71,40,763	36,58,60,871
(b) HDFC Bank Ltd.	—	19,29,65,894
(c) IDBI Bank Ltd.	3,28,241	—
(d) Dena Bank	4,558	—
The above loans from Axis Bank Ltd. and HDFC Bank Ltd. have been secured by:		
(i) First pari-passu charge as follows:		
(1) by way of hypothecation on entire current assets of the Company, (excluding lease rental from Company's property at Nariman Point, Mumbai) including stock and book debts, present and future		
(2) by way of equitable mortgage of company's property at Nariman point, Mumbai		
(3) by way of hypothecation on entire movable fixed assets of the Company, both present and future except vehicles		
(ii) Second pari-passu charge as follows:		
(1) On Lease Rental from Property at Nariman Point, Mumbai		
(2) On commercial Office located at 4th Floor Sahas, Prabhadevi, Mumbai, along with HDFC Bank		
<b>From Related Party</b>		
(a) Inter corporate deposits	1,25,00,000	6,75,00,000
	<u>1,99,73,562</u>	<u>62,63,26,765</u>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.7 — TRADE PAYABLES</b>		
Sundry Creditors	7,88,515	32,10,51,349
	<u>7,88,515</u>	<u>32,10,51,349</u>

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2017, and no interest payment made during the year to any Micro and Small Enterprises. This information, as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

**2.8 — OTHER CURRENT LIABILITIES**

Balances with banks in:

Unpaid dividends

Advances received against supplies and services

Due to Subsidiary Company (Cravatex Brands Limited)

Current maturities of long-term borrowing

Other liabilities (includes statutory dues)

10,75,352	10,78,060
2,00,000	2,16,33,487
1,35,86,152	—
2,75,85,354	—
1,66,71,465	7,25,04,948
<u>5,91,18,323</u>	<u>9,52,16,495</u>

**2.9 — SHORT-TERM PROVISIONS**

Gratuity obligation {Refer note: 2.29}

54,20,637	47,50,650
<u>54,20,637</u>	<u>47,50,650</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

2.10 — FIXED ASSETS

Amount in Rupees

PARTICULARS	GROSSBLOCKAT COST				DEPRECIATION (Note 1'c)				NETBLOCK	
	As at 01.04.2016	Additions	Sales/ Adjustments	As at 31.03.2017	Upto 31.03.2016	For the year	Adjusted	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>TangibleAssets:</b>										
Building	10,42,87,745		6,17,085	10,36,70,660	3,15,52,125	16,39,446	50,776	3,31,40,795	7,05,29,865	7,27,35,620
Spa / Fitness Equipment	1,75,81,756		—	1,75,81,756	1,48,05,572	6,98,025	—	1,55,03,597	20,78,159	27,76,184
Air-conditioning Plant & Units	1,16,86,769	18,769	26,41,856	90,63,682	49,58,733	7,46,258	10,48,985	46,56,006	44,07,676	67,28,036
Furniture, Fixtures & Fittings	5,25,69,846	14,12,545	1,56,45,883	3,83,36,508	2,67,84,333	36,08,841	48,25,784	2,55,67,390	1,27,69,118	2,57,85,513
Motor Vehicles	38,79,823		20,91,155	17,88,668	25,05,400	3,19,825	15,94,886	12,30,339	5,58,329	13,74,423
Electrical Fittings	1,29,58,789	2,60,606	43,68,599	88,50,796	51,33,875	13,08,111	16,65,817	47,76,169	40,74,627	78,24,914
Office Equipment	3,02,31,345	17,75,687	1,07,71,816	2,12,35,216	2,48,24,215	21,29,083	71,39,671	1,98,13,627	14,21,589	54,07,130
Leasehold Improvement	77,37,156	35,58,406	40,03,582	72,91,980	30,43,020	19,55,497	5,43,641	44,54,876	28,37,104	46,94,136
	24,09,33,229	70,26,013	4,01,39,976	20,78,19,266	11,36,07,273	1,24,05,086	1,68,69,560	10,91,42,799	9,86,76,467	12,73,25,956
<b>IntangibleAssets:</b>										
Licenses & Franchise	3,63,51,000		3,63,51,000	—	3,45,33,450		3,45,33,450	—	—	18,17,550
Sublicense	18,31,88,645		18,31,88,645	—	5,74,41,198	1,68,92,013	7,43,33,211	—	—	12,57,47,447
Software	1,92,00,019	94,687	6,23,193	1,86,71,513	35,79,429	18,62,737	1,38,327	53,03,839	1,33,67,674	1,56,20,590
	23,87,39,664	94,687	22,01,62,838	1,86,71,513	9,55,54,077	1,87,54,750	10,90,04,988	53,03,839	1,33,67,674	14,31,85,587
<b>Total</b>	<b>47,96,72,893</b>	<b>71,20,700</b>	<b>26,03,02,814</b>	<b>22,64,90,779</b>	<b>20,91,61,350</b>	<b>3,11,59,836</b>	<b>12,58,74,548</b>	<b>11,44,46,638</b>	<b>11,20,44,141</b>	<b>27,05,11,543</b>
Total (Previous year)	46,23,97,359	1,72,75,534	—	47,96,72,893	17,83,25,079	3,08,36,271	—	20,91,61,350	27,05,11,543	—

NOTE:

Asset worth Rs. 13.44 crores have been slumped sales to the subsidiary company (Cravatex Brands Limited) {Refer Note: '2.28'}

2.11 — NON-CURRENT INVESTMENTS

(At cost, fully paid-up) – Unquoted

In Government Securities

In National Savings Certificate

(National Savings Certificate is held in the name of an employee of the Company and is under lien of the sales tax authorities of Rajasthan)

In Ordinary Subsidiary Company

50000 ordinary shares of £1 each of BB(UK) Ltd.

32,71,000 Equity shares of Rs. 100 each of Cravatex Brand Ltd.

2016-2017  
Rupees

2015-2016  
Rupees

23,000

23,000

41,84,507

41,84,507

32,71,00,000

—

33,13,07,507

42,07,507

Notes:

- (1) All Shares are fully paid up, unless otherwise stated
- (2) Aggregate amount of quoted investment
- (3) Aggregate amount of market value of quoted investment
- (4) Aggregate amount of Unquoted investment
- (5) Aggregate amount of diminution in value of investment

—

—

N.A

N.A

33,13,07,507

42,07,507

—

—

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.12 — LONG TERM LOANS AND ADVANCES</b>		
Advance with Customs authorities (Refer Note '2.26(i)(d)')	13,50,000	13,50,000
	<u>13,50,000</u>	<u>13,50,000</u>
<b>2.13 — OTHER NON-CURRENT ASSETS</b>		
(Unsecured, considered good)		
Advance to a Consultant (Refer Note '2.27')	77,50,000	77,50,000
Security and other deposits	8,50,713	4,34,60,625
	<u>86,00,713</u>	<u>5,12,10,625</u>
<b>2.14 — INVENTORIES</b>		
(At lower of cost or net realisable value and as valued and certified by the management)		
Stock-in-trade	1,01,80,971	49,55,98,277
Stores and spares	—	2,57,67,504
	<u>1,01,80,971</u>	<u>52,13,65,781</u>
<b>2.15 — TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	3,70,095	11,31,64,850
Other debts	98,78,428	54,03,67,365
	<u>1,02,48,523</u>	<u>65,35,32,215</u>
<b>2.16 — CASH AND CASH EQUIVALENTS</b>		
Balances with banks in:		
Current accounts	1,76,62,015	1,01,86,775
Deposit account (earmarked against repayment of public deposits)	—	75,000
Fixed Deposit with Axis Bank	—	26,20,000
Unpaid dividend accounts	10,75,352	10,80,246
Cheques in hand	—	20,20,251
Cash on hand	364	6,49,912
	<u>1,87,37,731</u>	<u>1,66,32,184</u>

## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.17 — SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances to others	15,000	48,95,743
Prepaid expenses for Sample Development	—	41,76,109
Prepaid expenses – Others	27,41,055	58,40,983
Advance Income taxes and Wealth tax [Note '2.26 (i)(a)(b)(c)']	1,39,72,360	1,26,21,267
MAT Credit Entitlements	74,00,000	74,00,000
Refund receivable from Customs authorities	—	5,33,085
	<u>2,41,28,415</u>	<u>3,54,67,187</u>
<b>2.18 — OTHER CURRENT ASSETS</b>		
Interest accrued	2,836	4,254
Insurance Claim receivable	—	10,92,709
Rent receivable	2,76,000	—
Accrued Dividend receivable	30,341	28,653
	<u>3,09,177</u>	<u>11,25,616</u>
<b>2.19 — REVENUE FROM OPERATIONS</b>		
Sale of products	1,52,20,53,201	1,81,59,61,463
Sale of services	4,76,83,213	4,31,36,540
(Sales of products and services are reported net of trade and turnover discounts to dealers and commission on consignment sales)		
	<u>1,56,97,36,414</u>	<u>1,85,90,98,003</u>
<b>2.20 — OTHER INCOME</b>		
Interest Income	25,268	14,23,495
Dividend Income	1,688	28,653
Licence fees (Rental income)	2,55,80,400	2,53,04,400
Miscellaneous income	15,39,894	62,282
Foreign exchange fluctuation (Net)	33,27,487	—
	<u>3,04,74,737</u>	<u>2,68,18,830</u>
<b>2.21 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE</b>		
Opening stock		
Stock-in-trade	49,55,98,277	44,19,66,492
Stores and spares	2,57,67,504	2,20,42,745
	<u>52,13,65,781</u>	<u>46,40,09,237</u>
Inventories transferred in Slump Sale {Note: 2.28}		
Stock-in-trade	45,93,34,337	—
Stores and spares	2,64,73,607	—
	<u>48,58,07,944</u>	<u>—</u>
Closing stock		
Stock-in-trade	1,01,80,971	49,55,98,277
Stores and spares	—	2,57,67,504
	<u>1,01,80,971</u>	<u>52,13,65,781</u>
(Increase)/Decrease in stock	<u>2,53,76,866</u>	<u>(5,73,56,544)</u>



## NOTES TO FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.22 — EMPLOYEES BENEFITS EXPENSE</b>		
Salaries and wages (including bonus and gratuity)	18,23,60,103	18,60,92,198
Contributions to:		
Provident, Family Pension and other Funds	99,27,567	1,05,67,700
Employees State Insurance Scheme	3,63,658	4,37,318
Superannuation Scheme	7,82,071	7,96,800
Staff Welfare Expenses	35,66,868	43,01,391
	<u>19,70,00,267</u>	<u>20,21,95,407</u>
<b>2.23 — FINANCE COSTS</b>		
Interest expense (Bank loans and Fixed Deposits)	7,43,95,810	8,00,38,206
Other borrowing costs	2,17,79,324	3,97,40,457
	<u>9,61,75,134</u>	<u>11,97,78,663</u>
<b>2.24 — OTHER EXPENSES</b>		
Stores, spares and packing materials consumed	24,91,425	42,57,373
Power, fuel and water	81,21,401	99,30,905
Service charges	1,94,32,162	2,08,42,693
Rent	7,40,55,254	9,98,70,468
Insurance	22,56,880	29,67,767
Rates and taxes	8,40,116	13,96,660
Printing and stationery	26,33,585	29,89,538
Communications	84,14,899	89,51,805
Repairs – Others	70,15,566	1,21,62,798
Advertisement and publicity	5,58,88,778	5,05,05,535
Sublicence fee	6,16,94,176	6,69,56,573
Travelling and conveyance	3,07,82,961	3,57,10,075
Commission and brokerage	42,67,768	2,95,000
Transportation and octroi charges	4,10,05,468	4,47,31,100
Professional, Legal and Consultancy charges {Refer Note: '2.30(b)'} Directors fees	2,85,25,480	2,25,67,080
	12,41,100	7,80,000
Auditors' remuneration {Refer Note: '2.31'}	9,81,001	7,15,619
Corporate Social Responsibility	79,184	14,27,089
Foreign exchange fluctuation (Net)	—	1,55,001
Other expenses	1,53,81,347	1,23,93,880
	<u>36,51,08,551</u>	<u>39,96,06,959</u>
<b>2.25 — DISCLOSURE PURSUANT TO AS-20 (EARNING PER SHARE)</b>		
Net profit/(loss) as per Profit and Loss Account	(2,95,49,444)	(9,22,58,183)
Less: Preference Dividend and Tax thereon	42,02,295	—
<b>Net profit/(loss) for EPS</b>	<b>(3,37,51,739)</b>	<b>(9,22,58,183)</b>
Weighted Average No. of Equity Shares	25,84,160	25,84,160
Basic/Diluted Earning per shares	(13.06)	(35.70)
Nominal Value per Share (Rs.)	10	10

## NOTES TO FINANCIAL STATEMENT

### NOTES — Contd.

#### 2.26 — CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Claims against the Company not acknowledged as debt:

- (1) Labour claim of an earlier year disputed by the Company against which Rs.1,75,000 has been deposited with The High Court, Mumbai.
- (2) Preference dividend on 4% Non-convertible Cumulative Redeemable Preference shares amounting to Rs.42,02,295 (including dividend distribution tax) has not been provided.

Other money for which the Company is contingently liable

- (a) Demands for Wealth Tax for the assessment years 1997-98 & 1998-99 amounting to Rs.51,25,378 was raised by the Tax authorities in earlier years which had been disputed by the Company and appeals filed with the Hon. High Court, Mumbai. The Company however deposited the demanded amounts in full with the tax authorities.
- (b) For the assessment years 2000-2001, 2002-2003 and 2003-2004 the Income-tax Appellate Tribunal had given relief of Rs.8,74,254 which had been accounted for in an earlier year. The tax authorities had subsequently filed an appeal with the Hon. High Court, Mumbai against the relief of Rs.8,74,254. The matter was set aside by Hon. High Court, in an earlier year and the matter was restored to the Tribunal for disposal. The matter is still pending with the tax authorities.
- (c) The tax authorities had raised a demand for the assessment year 2013-14 u/s 143 (3) for Rs.16,43,120. The company has disputed this demand and has filed an appeal with the Commissioner (Appeals) of Income- tax Mumbai against this demand.
- (d) Demand of Rs.13,50,000 raised in an earlier year by the customs authorities for goods imported had been disputed by the Company against which the full amount had been deposited under protest. The matter is still pending with the Customs authorities.
- (e) Bond for Rs.1.20 crore executed with the Customs authorities for demand raised by the authorities in an earlier year which had been disputed and challenged by the Company. This Bond is to remain in force till finalisation of the value by the Customs authorities of the goods imported by the Company.
- (f) Demand of Rs.38,31,386 was in an earlier year raised by the New Maker Chambers IV Premises Co-operative Society Ltd, Mumbai for the difference in BMC tax from 01.04.2000 to 31.03.2015, and the same had been paid to the Society under protest. However net liability of the Company against this demand is Rs.15,66,683.

#### 2.27 OTHER COMMITMENTS

An amount of Rs.1,55,00,000 was due from a third party in terms of Contract of Engagement with this party as a Consultant against which provision for doubtful debt of Rs.77,50,000 was made and subsequently written off in an earlier year. Though the Contract had been terminated with effect from 1 April 2007, inspite of all assurances given to the Company by this party for clearing this debt, the party has not paid any amount so far against these dues. The Company had initiated an Arbitration proceeding invoking Arbitration in the previous year as per the Contract of Engagement referred to above. The Arbitration proceeding is still in process.

#### 2.28 DISCONTINUED OPERATIONS

During the year ended 31 March 2017, pursuant to a Business Transfer Agreement executed on 6th February 2017, and Subscription and Shareholder Agreement executed on 23rd March 2017 which was approved by the Board of Directors of the Company on 2nd February 2017 and 23rd March 2017 respectively and subsequently by the share holders of CRAVATEX LIMITED on 9th March 2017, CRAVATEX LTD (CL) sold its Business undertaking to CRAVATEX BRANDS LIMITED (CBL) a wholly owned subsidiary of the Company. The transaction involved in transfer of the business, associated employees and assets and liabilities pursuant to the terms of the business transfer agreement as an inseparable whole, as a going concern on slump sale basis on the lumpsum consideration of Rs.32,68,00,000. The lumpsum consideration is discharged in full by CBL by issuance and allotment to CL 32,68,000 equity shares of Rs.100 each of CBL at face value credited as fully paid up.

Accordingly by the aforesaid transaction company has recognised gain of Rs.4,60,74,156 as an exceptional item in Profit & Loss account.

In view of the above, the figures for the previous year are strictly not comparable.

**NOTES TO FINANCIAL STATEMENT**

**NOTES — Contd.**

	<b>2016-2017</b>	2015-2016
	<b>Rupees</b>	Rupees
<b>2.29 — GRATUITY OBLIGATION</b>		
(i) Profit and Loss Account		
Current Services cost	<b>21,68,772</b>	20,51,258
Interest Cost	<b>16,66,262</b>	13,83,306
Expected return on plan assets	<b>(14,36,693)</b>	(12,94,758)
Net Acturial (gain)/Loss recognized in the year	<b>16,40,430</b>	42,28,833
Expenses recognized in statement of Profit and Loss	<b>40,38,771</b>	63,68,639
(ii) Balance sheet		
Present value of obligations as at the end of the year	<b>2,18,19,858</b>	2,03,46,004
Fair value of plan assets as at the end of the year	<b>1,63,99,221</b>	1,55,95,355
Net Asset/(Liability) recongized in Balance Sheet	<b>(54,20,637)</b>	(47,50,649)
(iii) Change in the fair value of plan assets		
Fair value of plan assets at the beginning of year	<b>1,55,95,355</b>	1,50,20,198
Expected return on plan assets	<b>14,36,693</b>	12,94,758
Contribution	<b>38,51,054</b>	28,16,995
Benefits paid	<b>(44,83,881)</b>	(35,36,596)
Acturial (gain)/loss on Plan assets	<b>Nil</b>	Nil
Fair value of plan assets at the end of year	<b>1,63,99,221</b>	1,55,95,355
(iv) Change in present value of obligations		
Present value of obligations as at the beginning of year	<b>2,08,28,275</b>	1,62,19,203
Current Service Cost	<b>21,68,772</b>	20,51,258
Interest cost	<b>16,66,262</b>	13,83,306
Benefits Paid	<b>(44,83,881)</b>	(35,36,596)
Acturial (gain)/loss on obligations	<b>16,40,430</b>	42,28,833
Present value of obligations as at the end of year	<b>2,18,19,858</b>	2,03,46,004
<b>2.30 — PARTICULARS OF DIRECTORS' REMUNERATION</b>		
(a) Wholetime Directors		
Salary, bonus and allowances	<b>23,88,953</b>	24,00,048
Provident, Pension and Superannuation Fund Contribution,	<b>—</b>	—
	<b>23,88,953</b>	24,00,048
(b) Professional, Legal and Consultancy charges include Rs.4,59,500 (Previous year: Rs.6,82,540) paid as consultancy charges to a Non-Wholetime Director.		
<b>2.31 — PARTICULARS OF AUDITORS' REMUNERATION</b>		
Audit fee	<b>400,000</b>	300,000
Tax Audit fee	<b>130,000</b>	130,000
Certification charges and fee	<b>323,500</b>	195,978
Service tax on fees	<b>127,501</b>	89,641
	<b>981,001</b>	715,619

## NOTES TO FINANCIAL STATEMENT

### NOTES — Contd.

<b>2.32 — PARTICULARS OF GOODS TRADED IN AND SERVICES RENDERED</b>	<b>Purchases Rupees</b>	<b>Sales and Services Rupees</b>
(a) Sports goods	77,45,03,058 (96,43,12,190)	1,12,00,38,470 (1,26,05,22,444)
(b) Fitness equipment	21,22,71,967 (30,54,42,338)	38,82,47,494 (55,54,39,019)
(c) Services	90,17,829 (1,12,48,896)	6,14,50,450 (4,31,36,540)
<b>Total</b>	<b>99,57,92,854</b> <b>(1,28,10,03,424)</b>	<b>1,56,97,36,414</b> <b>(1,85,90,98,003)</b>
(Previous year figures are in brackets)		
	<b>2016-2017 Rupees</b>	<b>2015-2016 Rupees</b>
<b>2.33 — FOREIGN CURRENCY TRANSACTIONS</b>		
CIF value of imports:		
Goods trade in	65,16,73,470	67,50,43,707
Expenditure in foreign currency (on payments basis):		
Sublicense fee	6,30,39,805	6,55,75,575
Travelling expenses	33,62,362	51,05,125
Advertisement and publicity	33,45,968	—
Earnings in foreign exchange (on receipts basis):		
FOB value of goods	2,94,40,870	7,34,47,132

### 2.34 — DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD FROM 8TH NOVEMBER, 2016 TO 30TH DECEMBER, 2016

	<b>SBNs</b>	<b>Other denomination notes</b>	<b>Total</b>
Closing cash in hand as on 08.11.2016	3,08,500	2,640	3,11,140
(+) Permitted receipts	—	—	—
(-) Permitted payments	—	—	—
(-) Amount deposited in Banks	3,08,500	2,640	3,11,140
Closing cash in hand as on 30.12.2016	—	—	—

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

2.35 — RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosure of transactions with the related parties are given below:

(a) Names of the related parties:	Relationship:
Cravatex Brands Limited	Subsidiary Company
Proline India Ltd	Associated Company
Proline Exports Pvt Ltd	Associated Company
Mr.Rajesh Batra	Managing Director
Mr.Rajiv Batra	Director
Mrs.Jamna Batra	Shareholder
Mrs.Prathima Batra	Shareholder
Mrs.Raj Batra	Shareholder
Ms.Divya Batra	Shareholder
Mr.Rohan Batra	Shareholder
Mrs.Sujaya Batra	Shareholder

(b) Details of transactions with related parties.

Particulars of transaction	Transactions	
	2016-2017 Rupees	2015-2016 Rupees
<b>Interest Expenses</b>		
Proline Exports Pvt Ltd	82,192	86,34,687
Crav Apparel Pvt. Ltd	12,55,205	—
<b>Directors remuneration</b>		
Mr.Rajesh Batra	23,88,953	24,00,048
<b>Commission Income</b>		
Proline India Ltd	47,74,299	52,13,984
<b>Commission Expenses</b>		
Proline India Ltd	23,08,589	24,58,368
<b>Service Charges Received on SAP</b>		
Proline India Ltd	14,58,000	—
<b>Sale of Business undertaking on Slump Sale</b>		
Cravatex Brands Limited	32,68,00,000	—
<b>Rent Income</b>		
Cravatex Brands Limited	2,76,000	
<b>Purchase of Apparels</b>		
Proline Exports Pvt Ltd	4,18,283	—
<b>Inter-Corporate Deposit taken</b>		
Proline Exports Pvt Ltd	1,00,00,000	6,75,00,000
Crav Apparel Pvt. Ltd	5,00,00,000	
<b>Inter-Corporate Deposit repaid</b>		
Proline Exports Pvt Ltd	6,75,00,000	—
Crav Apparel Pvt. Ltd	4,75,00,000	
<b>Outstanding as on 31.03.17</b>		
Proline Exports Pvt Ltd	1,04,18,283	6,75,00,000
Proline India Ltd	(75,610)	
Crav Apparel Pvt. Ltd	25,00,000	—
Cravatex Brands Limited	1,35,86,152	—

2.36 — Previous years figures have been regrouped / reclassified wherever necessary to conform to the current year presentation.

## NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

## 2.37 — SEGMENT REPORTING

As per Accounting Standard (AS) 17 on “Segment Reporting” the Company, has identified geographical segment as primary segment. The geographical segment consist of a) Fitness/ Sports Goods/Readymade Garments (Domestic) b) Readymade Garments/ Sports Goods (International)

## Details of Primary Segment:

Sl. No.	Particulars	Year ended 31st March, 2017 Rupees	Year ended 31st March, 2016 Rupees
1	Segment Revenue: External Sales and Services – International – Domestic – Others <b>Total Segment Revenue</b>	  2,27,22,741 1,55,04,29,769 2,70,58,641 <hr/> 1,60,02,11,151	  5,24,53,030 1,80,67,07,255 2,67,56,548 <hr/> 1,88,59,16,833
2	Segment Results: (Before Tax and interest) – International – Domestic – Others  Operating Profit Less: Interest Expense  Profit/(Loss) after interest Less: Income Tax (Net) Add: Others <b>Net Profit</b>	  20,08,403 (3,92,97,936) 6,91,36,466 <hr/> 3,18,46,933 9,61,75,134 <hr/> (6,43,28,201) (3,47,78,757) — <hr/> (2,95,49,444)	  69,62,220 1,85,01,726 41,67,370 <hr/> 2,96,31,316 11,97,78,663 <hr/> (9,01,47,347) 21,10,836 — <hr/> (9,22,58,183)
3	Other informations: Segment Assets: – International – Domestic – Others Unallocable assets <b>Total Assets</b>	  — 2,24,89,377 47,30,45,441 2,13,72,360 <hr/> 51,69,07,178	  67,33,316 1,42,63,70,128 10,96,77,947 1,26,21,267 <hr/> 1,55,54,02,658
4	Segment Liabilities: – International – Domestic – Others Unallocable corporate liabilities <b>Total Liability</b>	  — 29,09,757 8,74,06,763 2,15,15,080 <hr/> 11,18,31,600	  60,51,803 1,10,31,40,012 6,52,62,842 5,62,96,545 <hr/> 1,23,07,51,202
5	Capital Expenditures (Addition to Fixed Asset): – International – Domestic – Others <b>Total Addition to Fixed Assets</b>	  — 65,28,615 5,92,085 <hr/> 71,20,700	  — 91,03,948 81,71,586 <hr/> 1,72,75,534
6	Capital Expenditures (Sale of Fixed Asset): – International – Domestic – Others <b>Total Addition to Fixed Assets</b>	  8,214 13,38,95,814 524,238 <hr/> 13,44,28,266	  — — — <hr/> —
7	Depreciation: – International – Domestic – Others <b>Total Depreciation</b>	  17,230 2,63,59,723 47,82,883 <hr/> 3,11,59,836	  19,947 2,81,48,239 26,68,085 <hr/> 3,08,36,271

## CONSOLIDATED AUDITORS' REPORT

### AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

#### To The Members of Cravatex Limited

We have audited the accompanying consolidated financial statements of Cravatex Limited ("the Company"), which comprise the consolidated Balance Sheet as at 31 March 2017, and the consolidated Statement of Profit and Loss for the year then ended.

#### Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the financial statements of the subsidiary as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company as at 31 March 2017 and its consolidated loss for the year ended on that date.

#### Other Matters

We did not audit the financial statements of the BB (UK) Limited (a subsidiary company) and Cravatex Brands Limited (a subsidiary company), the consolidated financial statements reflect total assets and total revenue of the two subsidiary companies as follows:

- (a) BB (UK) Limited - Total assets of Rs.21,39,19,366 as at 31 March 2017 and total revenue of Rs.1,08,26,39,943 for the year ended then.
- (b) Cravatex Brands Limited - Total assets of Rs.1,83,54,12,284 as at 31 March 2017 and total revenue of Rs.93,81,619 for the year ended then.

These financial statements have been audited by the other auditors whose reports has been furnished to us by the Management. Our opinion so far it relates to the affairs of such subsidiaries is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 101911W

**Y. K. Shankardass**  
Partner.  
Membership No. F-5106

Place : Mumbai  
Dated : May 29, 2017

## CONSOLIDATED BALANCE SHEET

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2017

	Note No.	2016-2017 Rupees	2015-2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds:			
Share Capital	2.1	11,58,41,600	2,58,41,600
Reserves and Surplus	2.2	19,61,43,298	33,30,71,078
<b>Equity attributable to owners of the Parent</b>		<b>31,19,84,898</b>	<b>35,89,12,678</b>
Minority Interest		8,629	—
<b>Total Equity</b>		<b>31,19,93,527</b>	<b>35,89,12,678</b>
Preference Shares issued by Subsidiary Company		57,00,00,000	—
Non-current Liabilities:			
Long-term borrowings	2.3	18,00,00,000	9,04,68,057
Deferred tax liabilities (Net)	2.4	3,66,43,182	5,61,44,186
Other Long-term liabilities	2.5	3,44,39,400	3,77,19,400
		<b>25,10,82,582</b>	<b>18,43,31,643</b>
Current Liabilities:			
Short-term borrowings	2.6	48,65,49,364	62,63,26,765
Trade payables	2.7	22,14,12,886	32,10,51,349
Other current liabilities	2.8	31,77,16,733	24,62,51,508
Short-term provisions	2.9	1,10,37,004	84,31,974
		<b>1,03,67,15,987</b>	<b>1,20,20,61,596</b>
<b>TOTAL</b>		<b>2,16,97,92,096</b>	<b>1,74,53,05,917</b>
<b>ASSETS</b>			
Non-current Assets:			
Fixed Assets:			
2.10			
Tangible assets		12,45,74,910	13,11,35,502
Intangible assets		40,66,02,419	14,41,30,001
		<b>53,11,77,329</b>	<b>27,52,65,503</b>
Non-current Investments	2.11	23,000	23,000
Long-term loans and advances	2.12	13,50,000	13,50,000
Other non-current assets	2.13	4,10,16,410	5,12,10,625
		<b>57,35,66,739</b>	<b>32,78,49,128</b>
Current Assets:			
Inventories	2.14	41,61,10,556	56,32,96,635
Trade receivables	2.15	57,67,43,155	73,77,80,204
Cash and cash equivalents	2.16	56,80,93,479	7,51,95,779
Short-term loans and advances	2.17	3,49,68,990	4,00,58,555
Other current assets	2.18	3,09,177	11,25,616
		<b>1,59,62,25,357</b>	<b>1,41,74,56,789</b>
<b>TOTAL</b>		<b>2,16,97,92,096</b>	<b>1,74,53,05,917</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2		

As per our report of even date

For and on behalf of the Board

For **S. P. CHOPRA & CO.**

Chartered Accountants

Firm Registration No.101911W

**Y. K. Shankardass**

Partner

Membership No. F-5106

Place : Mumbai

Dated : May 29, 2017

**Rajesh Batra**

Chairman &amp; Managing Director

DIN: 00020764

**Nabankur Gupta**

Director

DIN: 00020125

**Divakar Kamath**

President Corporate

Affairs &amp; CFO

**N. R. Mahalingam**

Director

DIN: 00035601

**Sudhanshu Namdeo**

Company Secretary

Membership No.: A17132



**CONSOLIDATED PROFIT AND LOSS STATEMENT**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017**

	Note No.	2016-2017 Rupees	2015-2016 Rupees
<b>INCOME</b>			
Revenue from operations	2.19	2,66,09,58,248	2,54,73,60,783
Other Income	2.20	3,09,98,465	2,68,18,830
<b>TOTAL REVENUE</b>		<b>2,69,19,56,713</b>	<b>2,57,41,79,613</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade		1,66,44,72,881	1,73,92,59,203
Change in Inventories of Stock-in-Trade	2.21	14,71,86,079	(7,76,13,506)
Employee benefits expense	2.22	27,40,65,820	25,91,50,959
Finance costs	2.23	9,89,86,742	12,54,85,150
Depreciation	2.10	3,39,66,847	3,27,01,704
Other expenses	2.24	62,32,32,257	56,87,21,451
<b>TOTAL EXPENSES</b>		<b>2,84,19,10,626</b>	<b>2,64,77,04,961</b>
<b>Loss before exceptional items</b>		<b>(14,99,53,913)</b>	<b>(7,35,25,348)</b>
Tax expense:			
Current Tax		(60,90,933)	(36,81,324)
Deferred tax Asset/(Liability)		1,93,59,511	(24,04,318)
Excess/(Short) provision of tax for earlier years		—	3,73,393
<b>Loss for the year</b>		<b>(13,66,85,335)</b>	<b>(7,92,37,597)</b>
<b>Profit Attributable to</b>			
Owner of the Parents		(13,66,83,248)	—
Minority Interest		(2,087)	—
<b>Loss for the year</b>		<b>(13,66,85,335)</b>	
Basic and Diluted Earnings per equity share (in Rs.)	2.25	(54.52)	(30.66)
Significant Accounting Policies	1		
Notes on Financial Statements	2		

As per our report of even date

For and on behalf of the Board

For **S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No.101911W

**Y. K. Shankardass**  
Partner  
Membership No. F-5106

**Rajesh Batra**  
Chairman & Managing Director  
DIN: 00020764

**N. R. Mahalingam**  
Director  
DIN: 00035601

Place : Mumbai  
Dated : May 29, 2017

**Nabankur Gupta**  
Director  
DIN: 00020125

**Divakar Kamath**  
President Corporate  
Affairs & CFO

**Sudhanshu Namdeo**  
Company Secretary  
Membership No.: A17132

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### NOTE '1' — SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED ACCOUNTS

1. Principles of consolidation

The consolidated financial statement relate to Cravatex Limited (the Company) and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the Company and its subsidiary company is combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – “Consolidated Financial Statements”.
- (b) In case of foreign subsidiaries, revenue items, all assets and liabilities are converted at rates prevailing at the end of the year.
- (c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Other significant accounting policies

These are set out under “Significant Accounting Policies” as given in the Company's separate financial statements.

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As per our report of even date

For **S. P. CHOPRA & CO.**

*Chartered Accountants*

Firm Registration No.101911W

**Y. K. Shankardass**

*Partner*

Membership No. F-5106

Place : Mumbai

Dated : May 29, 2017

For and on behalf of the Board

**Rajesh Batra**

*Chairman & Managing Director*

DIN: 00020764

**Nabankur Gupta**

*Director*

DIN: 00020125

**Divakar Kamath**

*President Corporate*

Affairs & CFO

**N. R. Mahalingam**

*Director*

DIN: 00035601

**Sudhanshu Namdeo**

*Company Secretary*

Membership No.: A17132

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTE '2' — NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

	2016-2017 Rupees	2015-2016 Rupees
<b>2.1 — SHARE CAPITAL</b>		
<b>Authorised:</b>		
48,50,000 Equity shares of Rs.10 each	4,85,00,000	4,85,00,000
1,50,000 9.5% Redeemable Cumulative Preference shares of Rs. 10 each	15,00,000	15,00,000
10,00,000 4% Non-convertible Cumulative Redeemable Preference shares of Rs. 10 each	10,00,00,000	—
<u>15,00,000</u>	<u>15,00,00,000</u>	<u>5,00,00,000</u>

The Authorised Share Capital of the Company was increase to Rs.15,00,00,000 by increase in the 4% Non-convertible Cumulative Redeemable Preference shares to Rs.10,00,00,000 and reclassification of the 9.5% Redeemable Cumulative Preference shares from Rs.100 each to Rs.10 each with effect from 2 April 2016.

**Issued, Subscribed and fully paid-up:**

1,292,080 Equity shares of Rs.10 each	1,29,20,800	1,29,20,800
1,292,080 Equity shares of Rs.10 each allotted as fully paid up by way of bonus shares	1,29,20,800	1,29,20,800
9,00,000 4% Non-convertible Cumulative Redeemable Preference Shares of Rs. 10 each	9,00,00,000	—
<u>11,584,160</u>	<u>11,58,41,600</u>	<u>2,58,41,600</u>

**A) Reconciliation of Number of Shares:****Equity shares of Rs.10 each**

Shares outstanding at the beginning of the year	25,84,160	25,84,160
Shares Issued during the year	—	—
<b>Shares outstanding at the end of the year</b>	<u>25,84,160</u>	<u>25,84,160</u>

**4% Non-convertible Cumulative Redeemable Preference Shares of Rs. 10 each**

Shares outstanding at the beginning of the year	—	—
Shares Issued during the year	9,00,00,000	—
<b>Shares outstanding at the end of the year</b>	<u>9,00,00,000</u>	<u>—</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

B) The details of Shareholders holding more than 5% shares:

Name of the Equity Shareholder	As at 31.03.2017	As at 31.03.2016
R.B. Fitness & Trading Pvt. Ltd.		
No. of shares held	19,21,570	19,21,570
% Held	74.36	74.36

Name of the 4% Non-convertible Cumulative Redeemable Preference Shareholder	As at 31.03.2017	As at 31.03.2016
Proline Exports Pvt. Ltd.		
No. of shares held	69,17,500	—
% Held	76.86	—
Mr. Rajesh Batra		
No. of shares held	7,37,500	—
% Held	8.19	—

#### Terms/rights attached to the Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential holders. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Terms/rights attached to the Shares Redeemable Cumulative Preference shares of Rs.10 each

The Company has only one class of Preference shares i.e. 4% Non-convertible redeemable preference share having a face value of Rs.10/- per each. Preference shareholders shall rank for dividend in priority to the equity shares. The Preference shareholder shall be eligible for 4% fixed cumulative preferential dividend. The said preference shares are non-convertible.

The voting rights of the persons holding the said shares shall be in accordance with the provisions of the Companies Act, 2013. The said preference shares shall be redeemable not later than 20 years from the date of issue.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.2 — RESERVES AND SURPLUS</b>		
<b>Capital Reserve:</b>		
(Subsidy received from Govt. of Karnataka)		
Balance as per last Account	<u>18,92,000</u>	<u>18,92,000</u>
<b>Foreign currency translation reserve:</b>		
Balance as per last Account		
Current Year gain or loss on translation of currencies	<u>(2,44,532)</u>	—
Balance in Foreign currency translation reserve Account	<u>(2,44,532)</u>	—
<b>Export Profit Reserve:</b>		
Balance as per last Account	<u>1,68,000</u>	<u>1,68,000</u>
<b>General Reserve:</b>		
Balance as per last Account	<u>31,03,80,971</u>	<u>38,24,75,923</u>
Add : Transfer from Profit and Loss Account	—	
Less : Debit balance transferred from Profit and Loss Account	<u>(11,60,53,141)</u>	<u>(7,20,94,952)</u>
	<u>19,43,27,830</u>	<u>31,03,80,971</u>
<b>Profit and Loss Account:</b>		
Balance as per last Account	<u>2,06,30,107</u>	<u>2,77,72,752</u>
Profit / (Loss) for the year	<u>(13,66,83,248)</u>	<u>(7,92,37,597)</u>
	<u>(11,60,53,141)</u>	<u>(5,14,64,845)</u>
Add : Debit balance adjusted by transfer to General Reserve	<u>11,60,53,141</u>	<u>7,20,94,952</u>
Balance in Profit and Loss account	—	<u>2,06,30,107</u>
<b>Total reserves</b>	<u><u>19,61,43,298</u></u>	<u><u>33,30,71,078</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

## 2.3 — LONG-TERM BORROWINGS

## Term Loan from Bank:

## Axis Bank Ltd.

## (i) Term Loan:

Secured by exclusive first charge of equitable mortgage of Company's property at Prabhadevi, Mumbai

—

4,44,48,438

## (ii) Term Loan:

Secured by first charge on the lease rentals from Company's property at Nariman point, Mumbai

—

2,34,94,619

## Unsecured:

18,00,000 Optionally Convertible Debentures (OCD)

18,00,00,000

—

## Fixed Deposits:

From related parties

—

2,13,25,000

From others

—

12,00,000

---

**18,00,00,000**


---

**9,04,68,057**

## 2.4 — DEFERRED TAX LIABILITIES (NET)

## Deferred tax liabilities:

Depreciation on fixed assets

3,66,43,182

5,66,07,184

## Deferred tax assets:

Disallowances under the Income tax Act, 1961

—

4,62,998

---

**3,66,43,182**


---

**5,61,44,186**

## 2.5 — OTHER LONG-TERM LIABILITIES

## Security deposits

For rental of property

2,53,04,400

2,53,04,400

From Dealers and Distributors

91,35,000

1,24,15,000

---

**3,44,39,400**


---

**3,77,19,400**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.6 — SHORT TERM BORROWINGS</b>		
<b>Secured:</b>		
From Bank in Foreign currency		
Buyer's Credit	6,05,45,928	—
<b>From Banks:</b>		
Cash Credit & Working Capital Demand Loan		
(a) Axis Bank Ltd.	24,31,70,637	36,58,60,871
(b) HDFC Bank Ltd.	17,00,00,000	19,29,65,894
(c) IDBI Bank Ltd.	3,28,241	—
(d) Dena Bank	4,558	—
The above loans from Axis Bank Ltd. and HDFC Bank Ltd. have been secured by:		
(I) First pari-passu charge as follows:		
(1) by way of hypothecation on entire current assets of the Company, (excluding lease rental from Company's property at Nariman Point, Mumbai) including stock and book debts, present and future		
(2) by way of equitable mortgage of company's property at Nariman point, Mumbai		
(3) by way of hypothecation on entire movable fixed assets of the Company, both present and future except vehicles		
(II) Second pari-passu charge as follows:		
(1) On Lease Rental from Property at Nariman Point, Mumbai		
(2) On commercial Office located at 4th Floor Sahas, Prabhadevi, Mumbai, along with HDFC Bank		
From Related Party		
(a) Inter corporate deposits	1,25,00,000	6,75,00,000
	<u>48,65,49,364</u>	<u>62,63,26,765</u>
<b>2.7 — TRADE PAYABLES</b>		
Sundry Creditors	22,14,12,886	32,10,51,349
	<u>22,14,12,886</u>	<u>32,10,51,349</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

2.8 — OTHER CURRENT LIABILITIES

Balances with banks in:

	2016-2017 Rupees	2015-2016 Rupees
Unpaid dividends	10,75,352	10,78,060
Advances received against supplies and services	1,05,70,206	2,16,33,487
Current maturities of long-term borrowing	2,75,85,354	—
Other liabilities (includes statutory dues)	27,84,85,821	22,35,39,961
	<b>31,77,16,733</b>	<b>24,62,51,508</b>

2.9 — SHORT TERM PROVISIONS

	2016-2017 Rupees	2015-2016 Rupees
Provision for Income Tax	56,16,367	36,81,324
Gratuity obligation	54,20,637	47,50,650
	<b>1,10,37,004</b>	<b>84,31,974</b>

2.10 — FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSSBLOCKAT COST				DEPRECIATION				NETBLOCK	
	As at 01.04.2016	Additions	Sales/ Adjustments	Asat 31.03.2017	Upto 31.03.2016	For the year	Adjusted	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>TangibleAssets:</b>										
Building	10,56,48,895		1,81,269	10,54,67,626	3,15,99,860	18,89,518		3,34,89,378	7,19,78,248	7,40,49,035
Spa / Fitness Equipment	1,75,81,756		—	1,75,81,756	1,48,05,572	6,98,025	—	1,55,03,597	20,78,159	27,76,184
Air-conditioning Plant & Units	1,16,86,769	18,769		1,17,05,538	49,58,733	7,52,206		57,10,939	59,94,599	67,28,036
Furniture, Fixtures & Fittings	6,37,28,618	25,14,932	3,79,605	6,58,63,945	3,54,46,974	47,90,031		4,02,37,005	2,56,26,940	2,82,81,644
Motor Vehicles	38,79,823			38,79,823	25,05,400	3,24,169		28,29,569	10,50,254	13,74,423
Electrical Fittings	1,29,58,789	2,60,606		1,32,19,395	51,33,875	13,19,193		64,53,068	67,66,327	78,24,914
Office Equipment	3,02,31,345	17,75,687	1,71,542	3,18,35,490	2,48,24,215	22,27,937		2,70,52,152	47,83,338	54,07,130
Leasehold Improvement	77,37,156	35,58,406		1,12,95,562	30,43,020	19,55,497		49,98,517	62,97,045	46,94,136
	25,34,53,151	81,28,400	7,32,416	26,08,49,135	12,23,17,649	1,39,56,576	—	13,62,74,225	12,45,74,910	13,11,35,502
<b>IntangibleAssets:</b>										
Licences & Franchise	3,63,51,000	10,43,82,450		14,07,33,450	3,45,33,450	2,21,129		3,47,54,579	10,59,78,871	18,17,550
Sublicense	18,31,88,645	17,79,44,566		36,11,33,211	5,74,41,198	1,74,89,186		7,49,30,384	28,62,02,827	12,57,47,447
Web site fila.co.uk	23,67,493		1,10,555	22,56,938	14,23,079	4,33,745		18,56,824	4,00,114	9,44,414
Software	1,92,00,019	94,687	(1,71,542)	1,94,66,248	35,79,429	18,66,212		54,45,641	1,40,20,607	1,56,20,590
	24,11,07,157	28,24,21,703	(60,987)	52,35,89,847	9,69,77,156	2,00,10,272	—	11,69,87,428	40,66,02,419	14,41,30,001
Total	49,45,60,308	29,05,50,103	6,71,429	78,44,38,982	21,92,94,805	3,39,66,848	—	25,32,61,653	53,11,77,329	27,52,65,503
Total (Previous year)	47,53,02,760	1,92,57,548	—	49,45,60,308	18,65,93,101	3,27,01,704	—	21,92,94,805	27,52,65,503	—



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.11 — NON-CURRENT INVESTMENTS</b>		
<b>(At cost, fully paid-up) – Unquoted</b>		
<b>In Government Securities</b>		
In National Savings Certificate	23,000	23,000
(National Savings Certificate is held in the name of an employee of the Company and is under lien of the sales tax authorities of Rajasthan)		
	<u>23,000</u>	<u>23,000</u>
<b>Notes:</b>		
(1) All Shares are fully paid up, unless otherwise stated)		
(2) Aggregate amount of quoted investment	—	—
(3) Aggregate amount of market value of quoted investment	N.A	N.A
(4) Aggregate amount of Unquoted investment	23,000	23,000
(5) Aggregate amount of diminution in value of investment	—	—
<b>2.12 — LONG TERM LOANS AND ADVANCES</b>		
Advance with Customs authorities	13,50,000	13,50,000
	<u>13,50,000</u>	<u>13,50,000</u>
<b>2.13 — OTHER NON-CURRENT ASSETS</b>		
(Unsecured, considered good)		
Fixed Deposits with Schedule Banks having maturity of more than 12 months	27,20,000	—
Advance to a Consultant	77,50,000	77,50,000
Security and other deposits	3,05,46,410	4,34,60,625
	<u>4,10,16,410</u>	<u>5,12,10,625</u>
<b>2.14 — INVENTORIES</b>		
(At lower of cost and net realisable value and as valued and certified by the management)		
Stock-in-trade	39,44,80,707	53,75,29,131
Stores and spares	2,16,29,849	2,57,67,504
	<u>41,61,10,556</u>	<u>56,32,96,635</u>
<b>2.15 — TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months:	22,25,43,623	11,31,64,850
Other debts	35,41,99,532	62,46,15,354
	<u>57,67,43,155</u>	<u>73,77,80,204</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.16 — CASH AND CASH EQUIVALENTS</b>		
Balances with banks in:		
Current accounts	55,62,82,634	6,86,57,762
Deposit account (earmarked against repayment of public deposits)	—	75,000
Fixed Deposit with Axis Bank	1,47,000	26,20,000
Unpaid dividend accounts	10,75,352	10,80,246
Cheques in hand	99,25,142	20,20,251
Cash on hand	6,63,351	7,42,520
	<u>56,80,93,479</u>	<u>7,51,95,779</u>
<b>2.17 — SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances to others	40,11,586	64,26,072
Prepaid expenses	95,80,508	1,30,78,131
Advance Income taxes and Wealth tax	1,39,76,896	1,26,21,267
MAT Credit Entitlements	74,00,000	74,00,000
Refund receivable from Customs authorities	—	5,33,085
	<u>3,49,68,990</u>	<u>4,00,58,555</u>
<b>2.18 — OTHER CURRENT ASSETS</b>		
Interest accrued	2,836	4,254
Insurance Claim receivable	—	10,92,709
Rent receivable	2,76,000	—
Accrued Dividend receivable	30,341	28,653
	<u>3,09,177</u>	<u>11,25,616</u>
<b>2.19 — REVENUE FROM OPERATIONS</b>		
Sale of products	2,61,21,24,606	2,50,42,24,243
Sale of services	4,87,54,778	4,31,36,540
Other operating income	78,864	—
(Sales of products and services are reported net of trade and turnover discounts to dealers and commission on consignment sales)		
	<u>2,66,09,58,248</u>	<u>2,54,73,60,783</u>
<b>2.20 — OTHER INCOME</b>		
Interest Income	69,481	14,23,495
Dividend Income	1,688	28,653
Licence fees (Rental income)	2,53,04,400	2,53,04,400
Miscellaneous income	17,57,884	62,282
Foreign exchange fluctuation (Net)	38,65,012	—
	<u>3,09,98,465</u>	<u>2,68,18,830</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.21 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE</b>		
Opening stock		
Stock-in-trade	53,75,29,131	46,36,40,384
Stores and spares	2,57,67,504	2,20,42,745
	<u>56,32,96,635</u>	<u>48,56,83,129</u>
Closing stock		
Stock-in-trade	39,44,80,707	53,75,29,131
Stores and spares	2,16,29,849	2,57,67,504
	<u>41,61,10,556</u>	<u>56,32,96,635</u>
(Increase)/Decrease in stock	<u>14,71,86,079</u>	<u>(7,76,13,506)</u>
<b>2.22 — EMPLOYEES BENEFITS EXPENSE</b>		
Salaries and Wages (including Bonus and Gratuity)	25,90,43,731	24,22,64,207
Contributions to:		
Provident, Family Pension and other Funds	1,01,18,716	1,05,67,700
Employees State Insurance Scheme	3,76,651	4,37,318
Superannuation Scheme	8,38,680	7,96,800
Staff Welfare Expenses	36,88,042	50,84,934
	<u>27,40,65,820</u>	<u>25,91,50,959</u>
<b>2.23 — FINANCE COSTS</b>		
Interest expense (Bank loans and Fixed Deposits)	7,72,07,418	8,11,27,834
Other borrowing costs	2,17,79,324	4,43,57,316
	<u>9,89,86,742</u>	<u>12,54,85,150</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

## NOTES — Contd.

	2016-2017 Rupees	2015-2016 Rupees
<b>2.24 — OTHER EXPENSES</b>		
Stores, spares and packing materials consumed	24,91,425	42,57,373
Power, fuel and water	81,57,734	99,30,905
Service charges	3,26,78,112	3,09,92,184
Rent	8,00,32,814	10,37,62,023
Insurance	46,68,258	50,86,015
Rates and taxes	1,21,09,654	29,85,227
Printing and stationery	41,28,655	62,38,085
Communications	1,09,94,978	1,10,44,467
Repairs to Buildings	—	—
Repairs – Others	83,50,831	1,21,62,798
Advertisement and publicity	10,39,54,813	7,06,77,729
Sublicence fee	10,80,65,662	10,64,61,279
Travelling and conveyance	5,01,33,068	5,22,94,412
Commission and brokerage	1,20,31,797	44,50,727
Transportation and octroi charges	4,11,11,571	4,47,31,100
Professional, Legal and Consultancy charges	10,66,03,933	7,00,13,666
Finance charges not related to borrowings	88,974	—
Directors fees	12,41,100	7,80,000
Auditors' remuneration	18,08,676	13,36,190
Corporate Social Responsibility	79,184	14,27,089
Other expenses	3,41,21,656	2,91,09,679
Bad debts written off	379,362	9,80,503
	<b>62,32,32,257</b>	<b>56,87,21,451</b>
<b>2.25 — DISCLOSURE PURSUANT TO AS-20 (EARNING PER SHARE)</b>		
Net profit as per Profit and Loss Account	(13,66,85,335)	(7,92,37,597)
Less: Preference Dividend and Tax thereon	42,02,295	—
<b>Net profit for EPS</b>	<b>(14,08,87,630)</b>	<b>(7,92,37,597)</b>
Weighted Average No. of Equity Shares	25,84,160	25,84,160
Basic/Diluted Earning per shares	(54.52)	(30.66)
Nominal Value per Share (Rs.)	10	10

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### NOTES — Contd.

#### 2.26 — SEGMENT REPORTING

As per Accounting Standard (AS) 17 on "Segment Reporting" the Company, has identified geographical segment as primary segment. The geographical segment consist of a) Fitness/ Sports Goods/Readymade Garments (Domestic) b) Readymade Garments/ Sports Goods (International)

#### Details of Primary Segment:

Sl. No.	Particulars	Year ended 31st March, 2017 Rupees	Year ended 31st March, 2016 Rupees
1	Segment Revenue: External Sales and Services – International – Domestic – Others <b>Total Segment Revenue</b>	       <b>2,69,19,56,713</b>	       <b>2,57,41,79,613</b>
2	Segment Results: (Before Tax and interest) – International – Domestic – Others  Operating Profit Less: Interest Expense  Profit/(Loss) after interest Less: Income Tax (Net) Add: Others <b>Net Profit</b>	                 <b>(13,66,85,335)</b>	                 <b>(7,92,37,597)</b>
3	Other informations: Segment Assets: – International – Domestic – Others Unallocable assets <b>Total Assets</b>	             <b>2,16,97,92,096</b>	             <b>1,74,53,05,917</b>
4	Segment Liabilities: – International – Domestic – Others Unallocable corporate liabilities <b>Total Liability</b>	             <b>62,12,49,205</b>	             <b>66,95,98,417</b>
5	Capital Expenditures (Addition to Fixed Asset): – International – Domestic – Others <b>Total Addition to Fixed Assets</b>	             <b>29,05,50,103</b>	             <b>1,92,57,548</b>
6	Depreciation: – International – Domestic – Others <b>Total Depreciation</b>	             <b>3,39,66,847</b>	             <b>3,27,01,704</b>

## SECTION 129(3) STATEMENT

## Form AOC-I

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries companies.

(For the Financial Year 2016-17)

## Part "A": Subsidiaries

		Amount in Rs
1. Name of the subsidiary	Cravatex Brands Limited	BB (UK) Ltd.
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as Holding	Same as Holding
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	(GBP) 80.8797
4. Share Capital	89,71,10,000	44,12,554
5. Reserves & Surplus	(6,95,54,350)	4,77,83,889
6. Total Assets	1,83,54,12,284	21,39,19,366
7. Total Liabilities	1,00,78,56,634	16,17,22,923
8. Investments	NIL	NIL
9. Turnover	93,81,619	1,08,26,39,943
10. Profit/(Loss) before Taxation	(5,41,35,821)	2,00,86,182
11. Provision for Taxation	1,54,19,245	60,90,934
12. Profit/(Loss) after Taxation	(6,95,55,066)	1,39,95,248
13. Proposed Dividend	—	—
14. % of Shareholding	99.997%	100%

**Notes:** The following information shall be furnished at the end of the statement:

- |  |     |
|--|-----|
| 1. Names of subsidiaries which are yet to commence operations.               | NIL |
| 2. Names of subsidiaries which have been liquidated or sold during the year. | NIL |

For and on behalf of the Board of Directors

**Rajesh Batra**  
Chairman & Managing Director

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

**CRAVATEX LIMITED**

CIN : L93010MH1951PLC008546

Registered Office: Sahas, 4th Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.  
Tel No.: +91-22-66667474, Fax: +91-22-24313210, Email: investors@cravatex.com, Website: www.cravatex.com

**ATTENDANCE SLIP**

**To be handed over at the entrance of the Meeting Hall**

Folio No./Client ID: ..... No. of Shares: .....

I hereby record my presence at the 65th ANNUAL GENERAL MEETING to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025 on Friday, September 8, 2017 at 10.30 a.m.

Member's/Proxy's Full Name

Member's/Proxy's Signature

TEAR HERE

**CRAVATEX LIMITED**

CIN : L93010MH1951PLC008546

Registered Office: Sahas, 4th Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.  
Tel No.: +91-22-66667474, Fax: +91-22-24313210, Email: investors@cravatex.com, Website: www.cravatex.com

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	E-mail Id:
Registered Address:	Folio No./Client Id:
	DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

- Name: ..... Address: .....  
E-mail Id: ..... Signature: ..... or failing him
- Name: ..... Address: .....  
E-mail Id: ..... Signature: ..... or failing him
- Name: ..... Address: .....  
E-mail Id: ..... Signature: ..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 65th annual general meeting of the company, to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025 on Friday, September 8, 2017 at 10.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Particulars	Optional	
		For	Against
1.	Adoption of Financial Statements (stand alone & consolidated) for the year ended March 31, 2017		
2.	Re-appointment of Mr. Rajiv Batra as a Director who retires by rotation		
3.	Appointment of M/s. GPS & Associates, Chartered Accountants as Auditors and fixing Remuneration		

Signed this ..... day of ....., 2017

Signature of Shareholder:.....

Signature of Proxyholder(s):.....

Affix  
1 Rupee  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

TEAR HERE





# 65th Annual General Meeting of Cravatex Limited

Day, Date and Time: Friday, September 8, 2017 at 10.30 A.M.

**Venue Address:**

Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025

## Route Map to the Venue



