

Ref. No.: CL/SEC/021/2018-19

September 26, 2018

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

Company Code: 509472

Dear Sirs,

Sub.: Copy of Annual Report for Financial Year 2017-18**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 2017-18.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **Cravatex Limited**



Sudhanshu Namdeo
Company Secretary



Encl : a.a.



ANNUAL REPORT

2018

CRAVATEX LIMITED

BOARD OF DIRECTORS AND GENERAL INFORMATION

Board of Directors

Rajesh Batra	– Chairman & Managing Director
H. K. Vakharia	– Independent Director
S. D. Israni	– Independent Director
N. R. Mahalingam	– Independent Director
Nabankur Gupta	– Director
Rajiv Batra	– Director
N. Santhanam	– Independent Director
Pheroza Jimmy Bilimoria	– Independent Director

Auditors

Messers GPS & Associates
102, Pressman House, 70-A, Nehru Road
Vile Parle (East), Mumbai – 400099.

Registrars & Share Transfer Agents

Sharex Dynamic (India) Private Limited
Unit No.1, Luthra Industrial Premises
Safed Pool, Andheri Kurla Road
Andheri (East), Mumbai-400072.

Registered Office

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

Bankers

HDFC Bank Limited
Axis Bank Limited

Chief Financial Officer

Divakar Kamath

Company Secretary

Sudhanshu Namdeo

Corporate Office

2nd Floor, Matulya Center, Senapati Bapat Marg,
Lower Parel (West), Mumbai-400013.

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Note :

- Shareholders intending to require information about accounts to be explained in the Annual General Meeting are requested to inform the Company at least 7 days in advance of the 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.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
	IND AS		IGAAP							
Paid-up Capital	258.42	258.42	258.42	258.42	258.42	258.42	258.42	129.21	129.21	129.21
Reserves and Surplus	2,727.14	2659.47	2988.10	3910.68	3783.69	3477.62	2827.19	2235.93	1665.70	1364.81
Net Worth	2,985.56	2917.89	3246.52	4169.10	4042.10	3736.04	3085.60	2365.14	1794.91	1494.02
Fixed Assets*	2,259.75	2264.91	4796.73	4624.97	4208.86	4137.46	2245.45	2138.88	2053.74	2120.93
Depreciation*	1,234.07	1144.47	2091.61	1783.25	1378.43	1112.54	992.70	902.79	818.16	904.11
Net Block*	1,025.68	1120.44	2705.12	2840.72	2830.43	3024.92	1252.75	1236.09	1235.58	1216.81
Turnover	74.08	15697.36	18590.98	18573.20	18514.53	16736.94	15657.98	9124.36	5844.95	4423.85
Earning / (Loss) before Taxes	31.97	(660.20)	(901.47)	303.79	570.21	1055.49	1199.08	926.51	702.61	266.45
Dividend	— (10%)	—	—	51.68 (20%)	90.45 (35%)	90.45 (35%)	90.45 (35%)	64.60 (50%)	58.14 (45%)	45.22 (35%)
Earning / (Loss) Per Share	1.63	(12.20)	(35.70)	8.82	15.94	29.26	31.95	49.94	28.55	14.30

* Includes Tangible Assets, Intangible Assets & Investment Property

NOTICE OF ANNUAL GENERAL MEETING**NOTICE**

NOTICE is hereby given that the 66th (Sixty Sixth) Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Monday, September 17, 2018 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 financial year ended March 31, 2018 including audited Balance Sheet as at March 31, 2018 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 financial year ended March 31, 2018 together with Reports of the Auditors thereon.
2. To declare a dividend on 4% Non Convertible Cumulative Redeemable Preference Shares for the period ended March 31, 2017.
3. To declare a dividend on 4% Non Convertible Cumulative Redeemable Preference Shares for the financial year ended March 31, 2018.
4. To declare a dividend on the Equity Shares for the financial year ended March 31, 2018.
5. To appoint a Director in place of Mr. Rajesh Batra (DIN 00020764) who retires by rotation and, being eligible, offers himself for re-appointment.

By Order of the Board of Directors

Sudhanshu Namdeo
Company Secretary

Place : Mumbai
Dated : May 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

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

Tel. No.: +91 22 66667474

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. 5 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 Tuesday, September 11, 2018 to Monday, September 17, 2018 (both days inclusive) for the purpose of determining Members eligible for dividend on Equity Shares, if approved by the Members.
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, 2011 shall be transferred to the Investor Education and Protection Fund (IEPF) 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, 2011, till the year ended March 31, 2015 are requested to approach the Registrars and Share Transfer Agents of the Company for payment. The Company has not declared any dividend for the financial year ended March 31, 2016 and March 31, 2017.

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 65th Annual General Meeting (AGM) held on September 8, 2017, on the website of the IEPF viz. www.iepf.gov.in and also under the "Investors Section" on the website of the Company viz. 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 Friday, September 14, 2018 (9:00 am) and ends on Sunday, September 16, 2018 (5:00 pm). The remote e-voting module shall be disabled by NSDL for voting thereafter. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, September 10, 2018, may cast their vote by remote e-voting. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
(c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company, for example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

NOTICE OF ANNUAL GENERAL MEETING

5. Your password details are given below:
 - (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - (c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - (a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - (b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to hemanshu@hkacs.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsd.com to reset the password.

NOTICE OF ANNUAL GENERAL MEETING

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.
- VI. 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 September 10, 2018.
- VII. Any person, who acquires shares of the Company and become members of the Company after dispatch of the notice and holding shares as the cut-off date i.e. September 10, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or evoting@sharexindia.com
- VIII. 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.
- IX. 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.
- X. 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.
- XI. 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.
- XII. 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 48 hours 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 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 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

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

Tel. No.: +91 22 66667474

E-mail: investors@cravatex.com

Website: www.cravatex.com

NOTICE TO ANNUAL GENERAL MEETING

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

1) **Mr. Rajesh Batra**, 63, did his schooling in Campion School, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems Management from Jamnalal Bajaj Institute in 1978.

His father Ram Batra, was a leading Businessman and Sheriff of Bombay in 1978. Mr. Rajesh Batra, along with his brother Mr. Rajiv Batra, founded PROLINE in 1983. The brand has a national presence and is sold through major department stores, company stores and several hundred points of sale. Mr. Batra was a sportsman and represented India in Tennis in 1970's.

Mr. Batra is a Director on the Board of several private and public limited Companies. He also serves as a trustee on several charitable trusts which provide help in the field of education, medical care and sports.

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

Mr. Batra holds 60 equity shares in the Company.

Other Directorships: National Peroxide Ltd.; B.R.T. Ltd.; Proline India Ltd.; Proline Exports Pvt. Ltd.; R.B. Fitness & Trading Pvt. Ltd., Cravatex Brands Limited, Bombay Burmah Trading Corporation Limited;

Section 8 Companies: Goodeed Charitable Foundation, Tristar Charitable Foundation, Northstar Charitable Foundation, Venus Charitable Foundation.

Committee Memberships: Cravatex Limited (Stakeholders Relationship Committee, CSR Committee); National Peroxide Ltd. (Audit Committee; Nomination and Remuneration Committee, Stakeholders Relationship Committee, CSR Committee).

Route Map to the Venue



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, 2018.

	Current Year Rupees in Lacs	Previous Year Rupees in Lacs
FINANCIAL HIGHLIGHTS		
Earnings before Finance Cost, Depreciation and Taxation	230.51	145.80
Less : Finance Cost	103.80	955.14
Less : Depreciation	94.74	311.60
Profit (Loss) before Exceptional Item	31.97	(1,120.94)
Exceptional Item:		
Add : Profit on Sale of Undertaking	—	460.74
Profit (Loss) before Tax	31.97	(660.20)
Tax Expense		
Deferred Tax Asset / (Liability)	8.06	345.02
Excess Tax Provision for Earlier years	2.15	—
Profit (Loss) after Taxation	42.18	(315.18)
Other Comprehensive Income / (Loss)	25.49	(16.40)
Total Comprehensive Income / (Loss)	67.67	(331.58)

STATEMENT OF COMPANY AFFAIRS

The total revenue from operations of the Company for the year under review was Rs.74.08 lacs as against Rs. 15697.36 lacs in previous year, while the profit before finance cost, depreciation and taxation stood at Rs.230.51 lacs as against Rs.145.80 lacs for the previous year. Profit after tax for the year was Rs.42.18 lacs as against the loss of Rs 315.18 lacs for the previous year. The total comprehensive income for the year was Rs.67.67 lacs as against total comprehensive loss of Rs.331.58 for the previous year. The figures for the financial year 2017-18 are not comparable with the figures for the financial year 2016-17 as the Company had sold its Fila and Fitness business under slump sale basis to Cravatex Brands Limited, a subsidiary of the Company in the financial year 2016-17.

DIVIDEND

The Directors are pleased to recommend dividend of 4% (at the rate of Rs.0.40 per share of Rs.10/- each) on 90,00,000 Non Convertible Cumulative Redeemable Preference Shares allotted on 12/04/2016 for the period ended 2016-17 and for financial year ended 2017-18, which would be tax-free in the hands of the Members.

The Directors are also pleased to recommend dividend of 10% (at the rate of Rs. 1/- per equity share of Rs. 10/- each) for the financial year 2017-18, which would be tax-free in the hands of the Members.

EQUITY SHARE CAPITAL

The total issued, subscribed and paid up equity share capital of the Company as on March 31, 2018 was Rs.2,58,41,600/- divided into 25,84,160 equity shares of Rs. 10/- each (listed on BSE).

PREFERENCE SHARES

The Company has issued 90,00,000 4% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/- each (unlisted) on private placement basis.

TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserves.

REPORT OF THE BOARD OF DIRECTORS

FIXED DEPOSITS

The Company does not have any fixed deposits as on March 31, 2018 and accordingly, there were no unclaimed deposits as on that date.

INSURANCE

The fixed assets of the Company have been adequately insured.

DIRECTORS & KMP

Mr. Rajesh Batra (DIN 00020764) is retiring by rotation and, being eligible, offer himself for re-appointment.

There are no appointment/cessation of the Key Managerial Persons (KMP) during the financial year ended March 31, 2018.

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

(I) CRAVATEX BRANDS LTD (CBL)

The financial year 2017-18 witnessed a trailing impact of demonetisation. Initial glitches of GST implementation also played its part in slowing down the purchases by customers. Although these government initiatives were expected to benefit all in the medium to long term, the organised sector had to struggle to recover from the setback in the short term. The branded goods sector was among the worst hit due to deferred purchases by end customers and the wholesalers. CBL registered a turnover of Rs.11338 lacs and recorded a loss of Rs.1394 lacs before finance cost, depreciation and taxation with total comprehensive loss after tax at Rs.2100 lacs. Negative profitability was mainly on account of lower sales.

Sales were subdued in the early part of the financial year on account of the slow down due to demonetisation and the uncertainty on GST implementation. The worst affected were the sector of multi brand dealers. The market began settling down in the second half of the year, although margins remained under pressure. The company has taken corrective steps to increase its presence in large format organised retail, as well as rationalising its product mix and improve operational efficiency. The impact of these steps will be seen in the coming years.

Wellness sales grew at a slower pace than expected due to a slow down in the real estate sector. The whole market was impacted due to the revised GST rate of 28% which was prescribed for this sector. The rate was subsequently reduced to 18%. The sector also felt the impact of demonetisation and RERA. Against this backdrop, the division still performed profitably.

After a short disruption due to demonetisation and GST glitches, the domestic consumer goods industry is showing signs of recovery. With induction of new personnel at the top and middle level operating team, marketing initiatives, improved operations and innovative products, CBL is expected to perform better in the ensuing year.

(II) BB (UK) Limited (BBUK)

BBUK has completed its seventh year of operations. Apart from operating FILA license in UK, Ireland, Middle East and Africa, it provides sourcing services to overseas FILA licensees. During the FY 2017-18 the company's performance had been extremely good. In INR terms the turnover grew from INR 108,26 lacs to INR 242,06 lacs recording an increase of over 123% and profit before tax from INR 201 lacs to INR 1001 lacs over previous year. Major sales revenue came from expansion in sourcing services to FILA licensees. The company has been successful in garnering the business on account of its efficiency and quality of services.

The overall improved outlook in both the subsidiaries augurs well for the company.

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.

REPORT OF THE BOARD OF DIRECTORS**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 Annexure I to this Report.

CONSOLIDATED ACCOUNTS

The Company had adopted the Indian Accounting Standards (IND AS) from April 1, 2017, and accordingly, the consolidated financial statements have been prepared in accordance with the recognition and measurement principles in IND AS Interim Financial Reporting and those prescribed under the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles issued by the Institute of Chartered Accountants of India.

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.

PARTICULARS OF THE EMPLOYEES

The Information required under Section 197(12) of the Companies Act, 2013 read with rules made thereunder is included as Annexure IV and forms 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.

REPORT OF THE BOARD OF DIRECTORS

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 have expressed their satisfaction with the evaluation process.

NUMBER OF BOARD MEETINGS

The Company held 4 (four) Board Meetings during the Financial Year 2017 - 18. These were on May 25, 2017, September 8, 2017, November 30, 2017 and February 12, 2018.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments, if any, 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 for reporting 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.

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

All transaction entered with related parties were on arms length basis in the ordinary course of business and that the provisions of section 188 of the Companies Act, 2013 were not attracted. Hence, disclosure under Form AOC - 2 is not required. 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.

REPORT OF THE BOARD OF DIRECTORS

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 average losses in the 3 immediately preceding financial years 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 2017-18. The secretarial audit report is included as Annexure V 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 for the size of business.

RISK MANAGEMENT

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

Sr. No.	Risk Description	Key Risk Matrix	Mitigation Measure
1	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.
2	Loss of income from office premises	Fall in rentals in the market, Premises falling vacant	A duly registered Leave and License is contracted with reputed Licensee.

AUDITORS' REPORT

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

STATUTORY AUDITORS

M/s. GPS and Associates, Chartered Accountants, Mumbai (Firm Regd. No. 121344W) were appointed as the Statutory Auditors of the Company in the 65th Annual General Meeting of the Company to hold office for a period of 5 years 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.

Pursuant to the Companies (Amendment) Act, 2017, the provision related to ratification of appointment of Auditors by Members at every Annual General Meeting has been done away with. Accordingly, the proposal for ratification of appointment of Statutory Auditor is not forming part of the Notice convening Annual General Meeting of the Company. The said Statutory Auditor shall hold office until the conclusion of the 70th Annual General Meeting.

PREVENTION OF SEXUAL HARASSMENT

The Company is committed to provide a safe and conducive work environment to all women employees. The Company strives 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 2017-18, there were no cases reported under the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

REPORT OF THE BOARD OF DIRECTORS

TRANSFER OF UNCLAIMED SHARES TO IEPF

Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 and General Circular No.12/2017 dated October 16, 2017, stipulated that shares on which dividend has not been paid or claimed for 7 consecutive years or more are to be transferred to the Investor Education and Protection Fund (IEPF), a Fund constituted by the Government of India under Section 125 of the Companies Act, 2013. Accordingly, the Company had sent individual notices to the respective shareholders at their latest available address in the records of Company and Depositories providing the details of shares which are due for transfer requesting them to claim their unpaid dividends on or before November 28, 2017 and avoid the transfer of their shares to IEPF. The Company had also published a newspaper notice in business standard in english and in sakal in Marathi on November 16, 2017 to this effect. In case where no valid claim was received on or before November 28, 2017, the Company would take necessary steps to issue duplicate share certificate (for the shares held in physical mode) and issue delivery instruction slip (for the shares held in demat mode) and transfer the shares to IEPF account. Accordingly, 35,094 Equity Shares of the Company have been transferred to the Investor Education and Protection Fund (IEPF) for the financial year 2009-10 in accordance with Section 125 of the Companies Act, 2013 read with the rules made thereunder.

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 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,

Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474

E-mail: investors@cravatex.com

Website: www.cravatex.com

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 Hitech or 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

During the year there were no Foreign Exchange earnings and outgo.

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, 2018

[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 th Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025, Maharashtra Tel: 022 66667474 Email: investors@cravatex.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	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

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	Real estate activities with own or leased property	6810	87.18
2	Retail sale of sporting equipment in specialized stores	4763	12.82

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.	R.B.Fitness and Trading Pvt Ltd Sahas, 4 th Floor, 414/2, Veer Savarkar Marg, Prabhadevi Mumbai – 400 025	U74900MH2013PTC241644	Holding	74.36%	2(46)
2.	Cravatex Brands Ltd. Sahas, 4 th Floor, 414/2, Veer Savarkar Marg, Prabhadevi Mumbai - 400 025	U51909MH2016PLC288788	Subsidiary	99.997%	2(87)
3.	BB UK Ltd. Unit 1, Colonial Business Park, Watford WD24 4PR United Kingdom	N.A.	Foreign Subsidiary	100%	2(87)

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 st April, 2017				No. of Shares held at the end of the year 31 st March, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	16,540	0	16,540	0.64	16,540	0	16,540	0.64	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	19,21,580	0	19,21,580	74.36	19,21,580	0	19,21,580	74.36	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	19,38,120	0	19,38,120	75.00	19,38,120	0	19,38,120	75.00	0
2) Foreign									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corporate	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	0	0	0	0	0	0	0	0	0
Total Promoter Shareholding									
(A)=(A)(1)+ (A)(2)	19,38,120	0	19,38,120	75.00	19,38,120	0	19,38,120	75.00	0
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt / State Govt(s)	0	0	0	0	35,094	0	35,094	1.36	1.36
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) FIs	0	0	0	0	0	0	0	0	0
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total(B) (1)	0	0	0	0	35,094	0	35,094	1.36	1.36
2) Non Institutions									
a) Bodies Corporate									
(i) Indian	6,942	1,285	8,227	0.32	27,923	295	28,218	1.09	0.77
(ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,28,074	1,06,911	3,34,985	12.96	2,40,758	68,009	3,08,767	11.95	(1.01)
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,38,375	52,000	2,90,375	11.23	2,10,363	52,000	2,62,363	10.15	(1.08)
c) Others(Specify)									
Non Resident Indians	9,192	0	9,192	0.36	6,697	0	6,697	0.26	(0.10)
Clearing Members	3,261	0	3,261	0.13	4,901	0	4,901	0.19	0.06
Sub-total(B)(2)	4,85,844	1,60,196	6,46,040	25.00	4,90,642	1,20,304	6,10,946	23.64	(1.36)
Total Public Shareholding									
(B)=(B)(1)+ (B)(2)	4,85,844	1,60,196	6,46,040	25.00	5,25,736	1,20,304	6,46,040	25.00	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
GRAND TOTAL (A+B+C)	24,23,964	1,60,196	25,84,160	100.00	24,63,896	1,20,304	25,84,160	100.0	0

Note: Date is re-arranged to show clearing members separately.

REPORT OF THE BOARD OF DIRECTORS

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 1 st April, 2017			Shareholding at the end of the year 31 st March, 2018			% 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.	R.B. Fitness and Trading Pvt. Ltd	19,21,570	74.36	16.94	19,21,570	74.36	—	—
2.	Prathima Batra	16,400	0.64	—	16,400	0.64	—	—
3.	Rajesh Batra	60	0.00	—	60	0.00	—	—
4.	Rajiv Batra	20	0.00	—	20	0.00	—	—
5.	Sujaya Batra	20	0.00	—	20	0.00	—	—
6.	Divya Batra	20	0.00	—	20	0.00	—	—
7.	Proline Exports Pvt. Ltd.	10	0.00	—	10	0.00	—	—
8.	Rohan Batra	10	0.00	—	10	0.00	—	—
9.	Raj Batra	10	0.00	—	10	0.00	—	—
	Total	19,38,120	75.00	16.94	19,38,120	75.00	—	—

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
	NO CHANGE				

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.	Name	No. of Shares at the beginning/end of the Year	% of the Shares of the Company	Date	Increasing/Decreasing in shareholding	Reason	No. of Shares	% of total Shares of the Company			
1.	Dipak Shah	55,000	2.128	01-04-2017							
				14-04-2017	1100	Buy	56,100	2.171			
				21-04-2017	200	Buy	56,300	2.179			
				12-05-2017	200	Buy	56,500	2.186			
				19-05-2017	100	Buy	56,600	2.19			
				07-07-2017	30	Buy	56,630	2.191			
				10-11-2017	100	Buy	56,730	2.195			
				01-12-2017	100	Buy	56,830	2.199			
				09-02-2018	100	Buy	56,930	2.203			
				31-03-2018	70	Buy	57,000	2.206			
	– Closing Balance										
2.	Mahesh Parameswaran Nair	52,000	2.012	01-04-2017							
				31-03-2018		No Change	52,000	2.012			
	– Closing Balance										
3.	Anil Kumar Hirjee	42,138	1.631	01-04-2017							
				31-03-2018		No Change	42,138	1.631			
	– Closing Balance										
4.	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	0	0	30-11-2017							
				31-03-2018	35,094	Transfer	35,094	1.358			
	– Closing Balance										
5.	Harish Hassa Mohnani	49,350	1.91	01-04-2017							
				07-04-2017	-350	Sold	49,000	1.896			
				14-04-2017	-100	Sold	48,900	1.892			
				21-04-2017	-350	Sold	48,550	1.879			
				28-04-2017	-155	Sold	48,395	1.873			
				05-05-2017	-50	Sold	48,345	1.871			
				19-05-2017	-42	Sold	48,303	1.869			
				23-06-2017	-45	Sold	48,258	1.867			
				30-06-2017	-54	Sold	48,204	1.865			
				07-07-2017	-900	Sold	47,304	1.831			
				14-07-2017	-2441	Sold	44,863	1.736			
				21-07-2017	-801	Sold	44,062	1.705			
				28-07-2017	-500	Sold	43,562	1.686			
				04-08-2017	-300	Sold	43,262	1.674			
				01-09-2017	-736	Sold	42,526	1.646			
				08-09-2017	-4182	Sold	38,344	1.484			
				22-09-2017	-650	Sold	37,694	1.459			
				06-10-2017	-620	Sold	37,074	1.435			
				13-10-2017	-320	Sold	36,754	1.422			
				03-11-2017	-540	Sold	36,214	1.401			
				15-12-2017	-50	Sold	36,164	1.399			
				22-12-2017	-75	Sold	36,089	1.397			
				29-12-2017	-81	Sold	36,008	1.393			
				05-01-2018	-50	Sold	35,958	1.391			
				12-01-2018	-573	Sold	35,385	1.369			
				19-01-2018	-296	Sold	35,089	1.358			
				26-01-2018	-5	Sold	35,084	1.358			
02-02-2018	-300	Sold	34,784	1.346							
31-03-2018	-741	Sold	34,043	1.317							
	– Closing Balance										
6.	Shashank S Khade	25,400	0.983	01-04-2017							
				31-03-2018		No Change	25,400	0.983			
	– Closing Balance										
7.	Laxmichand Kunverji Kenia	20,000	0.774	01-04-2017							
				31-03-2018		No Change	20,000	0.774			
	– Closing Balance										
8.	Kanchan Sunil Singhanian	16,782	0.649	01-04-2017							
				31-03-2018		No Change	16,782	0.649			
	– Closing Balance										
9.	Bharat Kunverji Kenia	15,000	0.58	01-04-2017							
				31-03-2018		No Change	15,000	0.58			
	– Closing Balance										
10.	Nimish Laxmichand Kenia	10,000	0.387	01-04-2017							
				31-03-2018		No Change	10,000	0.387			
	– Closing Balance										
11.	Anshul Saigal	14,705	0.569	01-04-2017							
				28-04-2017	-980	Sold	13,725	0.531			
				05-05-2017	-1,950	Sold	11,775	0.456			
				12-05-2017	-1,335	Sold	10,440	0.404			
				27-10-2017	-1	Sold	10,439	0.404			
				03-11-2017	-177	Sold	10,262	0.397			
				24-11-2017	-1,082	Sold	9,180	0.355			
				31-03-2018			9,180	0.355			
					– Closing Balance						

REPORT OF THE BOARD OF DIRECTORS

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	60	0.00	60	0.00
	Add: Increase/(Decrease)	—	0.00	—	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

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	350.09	125.00	—	475.09
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	350.09	125.00	—	475.09
Change in Indebtedness during the financial year				
— Addition	301.72	375.00	—	676.72
— Reduction	387.24	350.00	—	737.24
Net Change	(85.52)	25.00	—	(60.52)
Indebtedness at the end of the financial year				
i) Principal Amount	262.85	150.00	—	412.85
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	1.72	—	—	1.72
Total (i+ii+iii)	264.57	150.00	—	414.57

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	7.79	7.79
	(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	—	—
	Total (A)	7.79	7.79

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.	Independent Directors				
	Mr. H.K. Vakharia	0.70	NIL	NIL	0.70
	Mr. N. R. Mahalingam	1.40	NIL	NIL	1.40
	Dr. S. D. Israni	1.40	NIL	NIL	1.40
	Mr. N. Santhanam	1.00	NIL	NIL	1.00
	Mrs. Pheroza Jimmy Bilimoria	0.70	NIL	NIL	0.70
	Total (1)	5.20	NIL	NIL	5.20
2.	Other Non-Executive Directors				
	Mr. Rajiv Batra	0.20	NIL	NIL	0.20
	Mr. Nabankur Gupta	0.90	NIL	NIL	0.90
	Total (2)	1.10	NIL	NIL	1.10
	Total (B) = (1+2)	6.30	NIL	NIL	6.30

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 President – Corporate Affairs & CFO	Sudhanshu Namdeo Company Secretary	
1.	Gross Salary			
2.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21.77	20.35	42.12
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.	Total	21.77	20.35	42.12

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)
A. Company					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
B. Directors					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
C. Other Officers In Default					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

REPORT OF THE BOARD OF DIRECTORS

Annexure III

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.

Part "A": Subsidiaries

		Amount in Lacs	
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) 92.28	
4. Share Capital	3271.10	41.85	
5. Reserves & Surplus	(2795.50)	1258.61	
6. Total Assets	13667.15	6285.06	
7. Total Liabilities	13191.55	4984.61	
8. Investments	607.66	—	
9. Turnover	11337.93	24205.67	
10. Profit/(Loss) before Taxation	(2173.86)	1000.94	
11. Provision for Taxation	154.19	(188.76)	
12. Profit/(Loss) after Taxation	(2019.67)	812.19	
13. Dividend	NIL	68.48	
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 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

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

Tel. No.: +91 22 66667474

E-mail: investors@cravatex.com

Website: www.cravatex.com

REPORT OF THE BOARD OF DIRECTORS

ANNEXURE IV

DISCLOSURE PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Sr. No.	Name of the Director	Ratio of the remuneration of each director to the median remuneration
1	Rajesh Batra	1.64 : 1

NOTE :

- a) For calculation of median remuneration, the employee count taken is 12 inclusive of employees who have partly served in financial year 2017-18.
- b) Apart from Mr. Rajesh Batra, Managing Director no other Director is entitled for remuneration and are being paid Sitting Fees for attending Board/Committee Meetings.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

Sr. No.	Name	Designation	%
1	Rajesh Batra	Managing Director	(66.67)%
2	Divakar Kamath	President — Corporate Affairs & CFO	(23.15)%
3	Sudhanshu Namdeo	Company Secretary	7.00%

3. The percentage increase/(decrease) in the median remuneration of employees in the financial year: 25.14%

4. The number of permanent employees on the rolls of the Company as on 31.03.2018: 6 (six)

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration:

	% Change
Remuneration paid to employees excluding managerial personnel	(98.30)%
Remuneration paid to managerial personnel	(28.49)%

6. The remuneration paid is as per the Remuneration Policy of the Company for Directors and Key Managerial Persons.

REPORT OF THE BOARD OF DIRECTORS

7. The name of every employee of the company who if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director:

Name	Designation	Nature	Remuneration Rs. in Lacs	Qualification & Experience	Commence- ment Date	Age	Last Employment	No. of Eq. Sh. held
Divakar Kamath	President - Corporate Affairs & CFO	Permanent	21.77	BA (Hon), LLB CAIIB & DFM	16.01.2012	62 Years	Axis Bank Limited as SVP	100
Sudhanshu Namdeo	Company Secretary	Permanent	20.35	Company Secretary	15/11/2010	42 Years	Proline India Limited as Company Secretary	—
Anita Patankar	Personal Assistant	Permanent	9.78	SY B.A.	23/10/1996	52 Years	Llyods International Limited	—

None of the Employee as mentioned above is a relative of any Director or Manager of the Company.

REPORT OF THE BOARD OF DIRECTORS

ANNEXURE V

Form No. MR-3

SECRETARIAL AUDIT REPORT

*For the Financial year ended 31st March 2018
[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

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, 2018 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, 2018, 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 securities**);
 - (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.

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 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 25, 2018

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

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 25, 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****(a) Industry Structure and Development**

Cravatex Limited is the Holding Company of two subsidiaries viz. BB (UK) London (BBUK) and Cravatex Brands Ltd Mumbai (CBL). As you are aware that, with a view to realizing value from your Company's strength in building consumer brands, the Sports Goods and Fitness Equipment businesses were transferred in FY 2016-17 via slump sale to CBL. The company was successful in attracting a Private Investment in the subsidiary for taking the overall business to higher levels. Having provided substantial support of financial and management skill, the subsidiary is expected to register a sustainable growth in the years to come.

The company's source of revenue in the year FY 2017-18 was from sports business and other income.

(b) Opportunity and Threats

The company would explore any new opportunity in the line of business where it has expertise.

(c) Segment wise performance and outlook

The financial performance is covered in detail in the Annual report. The outlook for FY 2018-19 is expected to be same as last year without drastic change.

(d) Risks and concerns

The Company follows a robust risk management process for identification, and mitigation of various risks like operational, financial, legal and reputation/business risks. The top management aided by the Internal Auditor reviews the effectiveness of the process at regular intervals.

(e) Internal control systems and their adequacy

The management believes that appropriate procedures, controls and monitoring procedures are in place. The Internal Audit of your Company, carried out by external firm of Chartered Accountants, evaluates the functioning and quality of internal controls. The present control system is considered as adequate to take care of the current business of the company with safety and security.

(f) Discussion on financial performance with respect to operational performance

As stated above the company's substantial revenue comes from lease rental out of its commercial premises. Revenue from sports goods has been lower as the business was transferred to Cravatex Brands Limited, a subsidiary under slump sale. Major expenses are on account of the regulatory/compliance related administrative cost. Detailed financials of the company are reported in the Annual report.

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

The company has 6 employees on its rolls as at 31st March 2018. The overall industrial relations had been satisfactory.

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 believes in good corporate governance practices. 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. 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 towards 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	4	4	Yes	5	3	60
Mr. H. K. Vakharia	Independent Director	4	3	No	None	None	0
Mr. N. R. Mahalingam	Independent Director	4	4	Yes	1	2 (chairman of 1)	2,560
Dr. S. D. Israni	Independent Director	4	4	Yes	4	2	0
Mr. Nabankur Gupta	Non-executive Director	4	3	No	7	5 (chairman of 1)	0
Mr. Rajiv Batra	Non-executive Director	4	1	No	1	None	20
Mr. N. Santhanam	Independent Director	4	3	Yes	1	1 (chairman of 1)	0
Mrs. Pheroza Jimmy Bilimoria	Independent Director	4	3	No	None	None	0

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 4 (four) Board Meetings during the Financial Year 2017 - 18. These were on May 25, 2017, September 8, 2017, November 30, 2017 and February 12, 2018.

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

REPORT ON CORPORATE GOVERNANCE

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 4 (four) Audit Committee Meetings on May 25, 2017, September 8, 2017, November 30, 2017 and February 12, 2018. The details of attendance of the Audit Committee Members during the financial year 2017 - 18 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Mr. N. Santhanam	4	3
Mr. Nabankur Gupta	4	3
Dr. S. D. Israni	4	4
Mr. N. R. Mahalingam	4	4

4. Nomination and Remuneration Committee

(a) Terms of Reference

Broad terms of reference of the Nomination and Remuneration Committee include identification of 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 1 (one) Nomination and Remuneration Committee Meeting on September 8, 2017. The details of attendance of the Nomination & Remuneration Committee Members during the financial year 2017 - 18 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Dr. S. D. Israni	1	1
Mr. Nabankur Gupta	1	—
Mr. N. R. Mahalingam	1	1
Mr. N. Santhanam	1	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 2017 - 18 are given below:

Name	Designation	Gross Remuneration (Rs.)
Mr. Rajesh Batra	Managing Director	7,79,168/-

The Non-executive Directors are paid remuneration by way of sitting fees. The details of sitting fees paid to the Independent and Non-executive Directors during the financial year 2017 - 18 are given below:

Name	Sitting Fees (Rs.)
Mr. H.K. Vakharia	60,000/-
Mr. N. R. Mahalingam	80,000/-
Dr. S. D. Israni	80,000/-
Mr. Nabankur Gupta	60,000/-
Mr. Rajiv Batra	20,000/-
Mr. N. Santhanam	60,000/-
Mrs. Pheroza Jimmy Bilimoria	60,000/-

The details of sitting fees paid to the Audit Committee Members during the financial year 2017 - 18 are given below:

Name	Sitting Fees (Rs.)
Mr. N. Santhanam	30,000/-
Mr. Nabankur Gupta	30,000/-
Dr. S. D. Israni	40,000/-
Mr. N. R. Mahalingam	40,000/-

The details of sitting fees paid to the Nomination & Remuneration Committee Members during the financial year 2017 - 18 are given below:

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

One of the important functions of the Board is to monitor and review the Board evaluation framework. 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 is required to carry out the evaluation of its annual 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 Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including Chairman of the Board. Accordingly 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.

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. A 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 Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

The Board also carried out the performance evaluation of the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

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. Nabankur Gupta* and (3) Mr. Rajesh Batra

* appointed w.e.f. 12/02/2018

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

(c) No. of Shareholders Complaints & Not Resolved

There were no investor complaints received during the financial year 2017-18. There were no complaints pending at the end of the Financial Year ended March 31, 2018.

Independent Directors' Meeting:

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that the independent directors of the company hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. The independent directors met on February 12, 2018 without the presence of Managing Director, Non-Independent Directors and Management Team. The meeting was attended by all Independent Directors except Mr. N. Santhanam 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 other 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 held 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	14/08/2017	12/08/2016	14/08/2015
Venue	Textiles Committee P. Balu Road, Prabhadevi Chowk Prabhadevi Mumbai-400 025	Textiles Committee P. Balu Road, Prabhadevi Chowk Prabhadevi Mumbai-400 025	Textiles Committee P. Balu Road, Prabhadevi Chowk Prabhadevi Mumbai-400 025
Time	10.30 a.m.	11.30 a.m.	11.30 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.

No

(d) Person who conducted the postal ballot exercise ?

N.A.

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

No

(f) Procedure for Postal Ballot:

N.A.

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.

(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

REPORT ON CORPORATE GOVERNANCE
9. General Shareholder Information

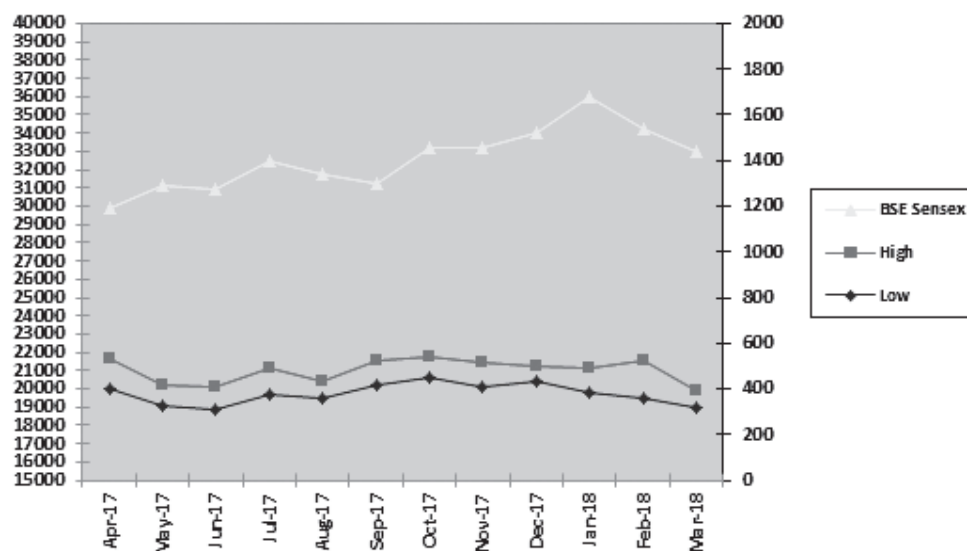
- (a) Annual General Meeting will be held on Monday, September 17, 2018 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025
- (b) Financial Year 2017 - 18:
- | | | |
|---|---|-------------------------------|
| Annual General Meeting | : | Monday, September 17, 2018 |
| Results for quarter ending June 30, 2018 | : | Second week of August, 2018 |
| Results for quarter ending September 30, 2018 | : | Second week of November, 2018 |
| Results for quarter ending December 31, 2018 | : | Second week of February, 2019 |
| Results for the year ending March 31, 2019 | : | On or Before May 30, 2019 |
- (c) Date of Book Closure
- | | |
|---|--------------------------------|
| : | Tuesday, September 11, 2018 to |
| : | Monday, September 17, 2018 |
| : | (both days inclusive) |
- (d) Listing on Stock Exchange
- | | |
|---|---|
| : | Company's shares are listed on BSE Ltd. |
|---|---|
- (e) Stock Code
- | | | |
|------------|--------|--------------|
| : | 509472 | |
| SYMBOL | : | CRAVATEX |
| Demat ISIN | : | INE145E01017 |
- (f) Market Price Data
- | | |
|----------------------------|--|
| : | High: Rs.538.25 (17/10/2017) |
| (Financial Year 2017 - 18) | Low: Rs.307.00 (07/06/2017 & 12/06/2017) |

High, Low and Number of Shares Traded during each month in the financial year 2017-18 on BSE Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr-17	529.40	396.85	45,168	962	2,12,26,998
May-17	419.50	329.65	12,221	359	45,69,682
Jun-17	410.90	307.00	9,911	303	34,85,436
Jul-17	492.00	375.00	26,472	560	1,20,09,919
Aug-17	435.75	358.05	9,991	236	38,98,041
Sep-17	525.00	420.00	22,766	421	1,12,71,200
Oct-17	538.25	450.00	7,365	223	36,51,390
Nov-17	519.50	411.35	12,517	277	57,31,061
Dec-17	500.00	430.00	5,515	204	25,61,259
Jan-18	490.00	381.30	25,196	248	1,01,41,168
Feb-18	520.00	360.00	4,730	197	18,68,104
Mar-18	396.00	315.00	19,582	200	66,44,768

REPORT ON CORPORATE GOVERNANCE

(g) Stock Performance:



(h) Registrars & Share Transfer Agents:

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

(i) Share Transfer System:

95.35% 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.

(j) Distribution of Shareholding as on March 31, 2018:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Less than 500	1,793	93.39	1,54,378	5.97
501 to 1000	63	3.28	49,815	1.93
1001 to 2000	30	1.56	41,583	1.61
2001 to 3000	11	0.57	28,773	1.11
3001 to 4000	2	0.10	6,712	0.26
4001 to 5000	4	0.21	17,983	0.70
5001 to 10000	6	0.31	49,489	1.92
10001 and above	11	0.57	22,35,427	86.50
Total	1,920	100.00	25,84,160	100.00

REPORT ON CORPORATE GOVERNANCE

Shareholding Pattern as on March 31, 2018

Equity Share Capital (Listed on BSE)

Category	No. of Shares	% To Total Equity Capital
Promoters	19,38,120	75.00
Bodies Corporate	28,218	1.09
Public	5,71,130	22.10
NRI*	6,697	0.26
IEPF	35,094	1.36
Clearing Member	4,901	0.19
Total	25,84,160	100.00

* Total foreign shareholding in the company is 23,117 (0.89%) of which 16,420 (0.63%) is included in Indian Promoters.

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

Category	No. of Shares	% To Total Preference Shares
Promoters	90,00,000	100.00
Total	90,00,000	100.00

(k) Dematerialisation of equity shares and liquidity

Of the Company's total shareholding, 24,63,856 (95.35%) equity shares were held in dematerialised mode by the Members of the Company of which 23,13,282 (89.52%) equity shares were under National Securities Depository Limited (NSDL) and balance 1,50,574 (5.83%) equity shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2018.

(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. (BSE).

(m) In terms of Section 124, 125 of the Companies Act 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has credited during the financial year ended March 31, 2018, a sum of Rs.1,29,987/- to the Investor Education and Protection Fund (IEPF). Upto the financial year ended March 31, 2018 an amount of Rs.10,52,827/- has been credited to the Investor Education & Protection Fund.

In terms of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 and General Circular No.12/2017 dated October 16, 2017, the shares on which dividend has not been paid or claimed for 7 consecutive years or more are to be transferred to the Investor Education and Protection Fund (IEPF), a Fund constituted by the Government of India under Section 125 of the Companies Act, 2013. Accordingly, the Company had sent individual notices to the respective shareholders at their latest available address in the records of Company and Depositories providing the details of shares which are due for transfer requesting them to claim their unpaid dividends on or before November 28, 2017 and avoid the transfer of their shares to IEPF. The Company had also published a newspaper notice in business standard in english and in sakal in Marathi on November 16, 2017 to this effect. In case where no valid claim was received on or before November 28, 2017, the Company would take necessary steps to issue duplicate share certificate (for the shares held in physical mode) and issue delivery instruction slip (for the

REPORT ON CORPORATE GOVERNANCE

shares held in demat mode) and transfer the shares to IEPF account. Accordingly, 35,094 Equity Shares of the Company have been transferred to the Investor Education and Protection Fund (IEPF) for the financial year 2009-10 in accordance with Section 125 of the Companies Act, 2013 read with the rules made thereunder.

- (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, 4th Floor, 414/2, Veer Savarkar Marg,
Prabhadevi, Mumbai-400 025
Tel. No.: 022-6666 7474
E-mail : investors@cravatex.com

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:

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) The policy on dealing with related party transactions and material subsidiary is available on the website of the Company at www.cravatex.com.

For and on behalf of the Board of Directors

Rajesh Batra
Chairman & Managing Director

Place : Mumbai
Dated : May 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,
Prabhadevi, Mumbai-400 025.
Tel. No.: +91 22 66667474
E-mail: investors@cravatex.com
Website: 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, 2018.

For Cravatex Limited,

Rajesh Batra
Chairman & Managing Director

Place : Mumbai

Dated : May 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,

Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474

E-mail: investors@cravatex.com

Website: www.cravatex.com

COMPLIANCE CERTIFICATE ON 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 31st March 2018, 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 25, 2018

AUDITORS' REPORT

AUDITORS' REPORT

To the Members of Cravatex Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Cravatex Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone Ind AS 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 standalone Ind AS financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 31st March, 2018 and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures of 01st April, 2016 and for the period ended 31st March, 2017 have been audited by another auditor who expressed an unmodified opinion in his report dated 29th May, 2017 on the Standalone Financial Statements of the Company. Management has adjusted these results for the differences in the accounting principles adopted by the Company on transition to Ind AS and presented a reconciliation of profit under Ind AS of the corresponding year ended 31st March 2017 with the profit reported under previous GAAP, which have been approved by the Company's Board of Directors and have been audited by us.

Our opinion on these standalone Financial Statements is not modified in respect of the above matter.

AUDITORS' REPORT**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(11) of the Act, we give in the "**Annexure A**" 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 it appears from our examination of those books.
 - c. the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e. on the basis of written representations received from the directors of the Company as on 31st March, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of section 164(2) of the Act.
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. 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 pending litigations on its financial position in its standalone Ind AS financial statements. (Refer Note 32 to standalone Ind AS 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.

For **GPS & Associates**
Chartered Accountants
Firm Registration No. 121344W

H. Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

AUDITORS' REPORT

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Cravatex Limited of even date)

- (i) In respect of Company's Fixed Assets:
 - (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.
 - (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 inventory records have been appropriately accounted for in the books of account of the company.
- (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 Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits from the public and therefore the provisions of the Clause 3(v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and 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 31st March, 2018 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.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans taken during the year were applied for the purpose for which they were raised.
- (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, reporting under Clause 3(xii) of the Order is not applicable to the Company.

AUDITORS' REPORT

- (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 standalone Ind AS financial statements.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) As per information and explanations given to us the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (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 **GPS & Associates**
Chartered Accountants
Firm Registration No. 121344W

H. Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

AUDITORS' REPORT

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of CRAVATEX LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Cravatex Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the Standalone Ind AS financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

AUDITORS' REPORT

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **GPS & Associates**
Chartered Accountants
Firm Registration No. 121344W

H. Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

BALANCE SHEET

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No.	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
(A) ASSETS				
(1) Non-Current assets				
(a) Property, Plant and Equipment	3(a)	220.74	281.46	1,273.25
(b) Investment Property	3(b)	689.00	705.30	—
(c) Other Intangible Assets	3(c)	115.94	133.68	1,431.86
(d) Financial Assets				
(i) Investments	4	3,312.85	3,313.07	42.07
(ii) Loans	5	11.66	8.51	434.61
(iii) Others	6	—	—	26.20
(e) Other Non-Current Assets	7	13.50	13.50	13.50
Total Non - Current Assets		4,363.69	4,455.52	3,221.49
(2) Current Assets				
(a) Inventories	8	37.30	101.81	5,213.66
(b) Financial Assets				
(i) Trade receivables	9	42.00	102.49	7,217.38
(ii) Cash and cash equivalents	10	122.67	176.63	128.58
(iii) Bank Balances other than Cash and Cash Equivalents	11	8.49	10.75	11.55
(iv) Others	12	35.00	80.74	88.96
(c) Current Tax Assets (Net)	13	148.28	139.72	126.21
(d) Other current assets	14	19.86	27.41	158.65
Total Current Assets		413.60	639.55	12,944.99
TOTAL ASSETS		4,777.29	5,095.07	16,166.48
(B) EQUITY AND LIABILITIES				
(1) EQUITY				
(a) Equity Share capital	15	258.42	258.42	258.42
(b) Other Equity	16	2,727.14	2,659.47	2,991.05
Total Equity		2,985.56	2,917.89	3,249.47
(2) LIABILITIES				
(I) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	672.51	492.73	677.38
(ii) Others	18	186.96	7.60	352.93
(b) Deferred tax liabilities (Net)	19	126.43	134.49	479.51
(c) Other Non-Current Liabilities	20	368.06	372.79	0.18
Total Non Current Liabilities		1,353.96	1,007.61	1,510.00
(II) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	285.80	475.09	7,968.44
(ii) Trade payables	22	35.85	7.89	2,412.94
(iii) Other financial liabilities	23	71.88	598.64	471.06
(b) Other Current Liabilities	24	44.24	33.74	507.06
(c) Provisions	25	—	54.21	47.51
Total Current Liabilities		437.77	1,169.57	11,407.01
TOTAL EQUITY AND LIABILITIES		4,777.29	5,095.07	16,166.48
Corporate Information	1			
Significant accounting policies	2			
Notes forming part of the Financial Statement	32-47			

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

N. R. Mahalingam
Independent Director
DIN: 00035601

Divakar Kamath
President Corporate Affairs
& CFO

N. Santhanam
Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

PROFIT AND LOSS STATEMENT

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2018

Particulars	Note No.	2017-2018 Rs. in Lacs	2016-2017 Rs. in Lacs
INCOME			
Revenue from operations	26	74.08	15,697.36
Other Income	27	503.66	347.32
TOTAL INCOME		577.74	16,044.68
EXPENSES			
Purchase of Stock-in-Trade		40.66	9,957.93
Change in Inventories of Stock in Trade	28	64.51	253.77
Employee benefits expense	29	109.63	1,953.60
Finance costs	30	103.80	955.14
Depreciation expenses	3	94.74	311.60
Other expenses	31	132.43	3,733.58
TOTAL EXPENSES		545.77	17,165.62
Profit / (Loss) before exceptional items		31.97	(1,120.94)
Exceptional Items			
Profit on sale of Undertaking		—	460.74
Profit / (Loss) before tax		31.97	(660.20)
Tax expense :			
Deferred Tax		8.06	345.02
Excess Tax Provision for Earlier years		2.15	—
Profit /(Loss) for the period		42.18	(315.18)
Other Comprehensive Income/(loss) for the period :			
Items that will not be reclassified to profit or loss		—	—
Re-measurements of the defined benefit Plans		25.49	(16.40)
Total Other Comprehensive Income/(loss) for the period		67.67	(331.58)
Basic and Diluted Earnings per Equity share (In Rs)	45	1.63	(12.20)
Corporate Information	1		
Significant accounting policies	2		
Notes forming part of the Financial Statement	32-47		

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

N. R. Mahalingam
Independent Director
DIN: 00035601

Divakar Kamath
President Corporate Affairs
& CFO

N. Santhanam
Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2018

(A) EQUITY SHARE CAPITAL

Particulars	31 March 2018		31 March 2017	
	Number of Shares	Amount Rs. in Lacs	Number of Shares	Amount Rs. in Lacs
At the commencement of the year	25,84,160	258.42	25,84,160	258.42
Add: Shares issued during the year	—	—	—	—
At the end of the year	25,84,160	258.42	25,84,160	258.42

(B) OTHER EQUITY

Particulars	Reserves and surplus				Total attributable to equity shareholders
	Retained Earnings	General Reserve	Capital Reserve	Export Profit Reserve	
(a) Balance at 1 April 2016	—	2,970.45	18.92	1.68	2,991.05
Profit for the year	(315.18)	—	—	—	(315.18)
Other comprehensive income for the year	(16.40)	—	—	—	(16.40)
Debit balance adjusted by transfer to General Reserve	331.58	(331.58)	—	—	—
Other comprehensive income	—	—	—	—	—
(b) Total comprehensive income for the year	—	(331.58)	—	—	(331.58)
(c) Balance at 31 March 2017 (a)+(b)	—	2,638.87	18.92	1.68	2,659.47
Profit for the year	42.18	—	—	—	42.18
Other comprehensive income for the year	25.49	—	—	—	25.49
(d) Total comprehensive income for the year	67.67	—	—	—	67.67
(e) Balance at 31 March 2018 (c)+(d)	67.67	2,638.87	18.92	1.68	2,727.14

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

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N. Santhanam
Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

NOTES TO FINANCIAL STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2018

	For the year ended 31st March 2018 Rs. in Lacs	For the year ended 31st March 2017 Rs. in Lacs
A Cash flow from operating activities		
Net profit before tax	31.97	(660.20)
Adjustments for:		
Depreciation	94.74	311.60
Interest income	(9.49)	(0.25)
Rent Income	(327.48)	(255.80)
Gain on Investments	(0.06)	—
Loss on borrowings measured at fair value	47.87	—
Dividend Income	(68.48)	(0.02)
Finance Cost	103.79	955.15
Operating profit before working capital changes	(127.14)	350.47
Adjustments for:		
(Increase)/Decrease in Trade Receivables	60.48	7,114.90
(Increase)/Decrease in Inventories	64.51	5,111.85
(Increase)/Decrease in Loans & Advances	(3.16)	529.80
(Increase)/Decrease in Other Assets	53.29	61.95
Increase/(Decrease) in Trade Payable	27.96	(2,405.05)
Increase/(Decrease) in Other Liabilities	(341.62)	(318.47)
Increase/(Decrease) in provisions	(28.71)	(9.70)
Cash generated from operations	(294.39)	10,435.75
Direct taxes Refund/(paid)	(6.40)	(13.51)
Net cash from operating activities	(300.79)	10,422.24
B Cash flow from investing activities		
Additions/Sale to Fixed assets	(0.25)	(71.21)
Sale of investments	0.23	—
Purchase of Investments	—	(3,271.00)
Sale of Fixed assets	0.27	1,344.28
Gain on Investments	0.06	—
Other Bank Balances	2.26	0.80
Dividend Income	68.48	0.02
Rent Income	327.48	255.80
Interest received	9.49	0.25
Net cash from / (used in) investing activities	408.02	(1,741.05)
C Cash flow from financing activities		
Proceeds from Long-term Borrowings	131.91	(1,084.89)
Repayment of Short-term Borrowings	(189.29)	(6,593.10)
Interest Paid	(103.79)	(955.15)
Net cash from / (used in) financing activities	(161.17)	(8,633.13)
D Net cash flows during the year (A+B+C)	(53.95)	48.06
Cash and cash equivalents (opening balance)	176.62	128.57
Cash and cash equivalents (closing balance) (Refer Note-10)	122.67	176.63

Notes:

- The above cashflow statement has been prepared under 'indirect Method' as set out in the Indian Accounting standard-7 on Statement on Cash Flows
- The amendment to Ind AS 7 Cash flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1 April 2017 and the required disclosure is made below: There is no other impact on the financial statement due to this amendment.

Particulars	Long Term Borrowings	Short Term Borrowings
Opening balance as at 1 April 2017	492.73	475.09
Cash flows / (outflows)	131.91	(189.29)
Non-cash changes		
Foreign exchange movement	—	—
Fair value changes	47.87	—
Closing balance as at 31 March 2018	672.51	285.80

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
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N. Santhanam
Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

NOTES TO FINANCIAL STATEMENT

NOTE 1 — CORPORATE INFORMATION

Cravatex Limited (“the Company”) was incorporated on 22nd June, 1951 under the Companies Act, 1913 (“the Act”) domiciled in India and headquartered in Mumbai. Cravatex Limited is the Holding Company of two subsidiaries viz. BB (UK) London (BBUK) and Cravatex Brands Ltd Mumbai (CBL). The Company along with its subsidiaries is engaged in the business of Branded sports goods, wellness and fitness equipment with servicing.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES:

a) Statement of Compliance:

These Ind AS financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (herein referred to as ‘Ind AS’) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provisions of the Companies Act, 2013 (the Act) and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The Financial Statements for the year ended 31 March 2018 are the Company’s first Ind AS financial statements. The Company’s comparative figures for the year ended March 31, 2017 are in compliance with Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 41.

b) Basis of preparation and presentation :

Statement of compliance with Ind AS:

These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value and the provisions of the Companies Act, 2013 (‘Act’). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March, 2018 together with the comparative period as at and for the year ended 31 March, 2017. In preparing these financial statements, the Company’s opening balance sheet was prepared as at 1 April, 2016 the Company’s date of transition to Ind AS.

Reconciliations and descriptions of the effect of the transition has been summarized in Note 42. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historic cost convention:

The financial statements have been prepared on historic cost basis except for certain financial liabilities that are measured at fair value.

Functional and Presentation Currency:

The financial statements are presented in Indian Rupees (INR), which is the functional currency of the Company. All amounts have been rounded off to the nearest lacs. Amount below the rounded off norms have been reflected as “0” in the relevant notes.

Classification of Assets and Liabilities into Current/Non-Current:

The Company has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities.

For the purpose of Balance Sheet, an asset is classified as current if:

- i. It is expected to be realised, or is intended to be sold or consumed, in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is expected to realise the asset within twelve months after the reporting period; or
- iv. The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO FINANCIAL STATEMENT

Similarly, a liability is classified as current if:

- i. It is expected to be settled in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is due to be settled within twelve months after the reporting period; or
- iv. The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.

All other liabilities are classified as non-current.

c) Property, Plant and Equipment (PPE):

The initial cost of PPE comprises of its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to PPE are capitalised only when it is probable that future economic associated with these will flow to the Company and cost of the item can be measured reliably. Repairs and maintenance cost are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 - Property, Plant and Equipment.

Upon first time adoption of Ind AS, the Company has elected to measure all its PPE at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e. 01 April 2016.

d) Investment Property:

Investment properties are properties (land or a building-or part of a building-or both) held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including purchase price, borrowing costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment, if any.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

Any gain or loss arising on derecognition of the property is included in the statement of profit and loss in the period in which the property is derecognised.

e) Depreciation:

The depreciable amount of an item of PPE is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method over the useful lives as prescribed under Schedule II of the Act as per technical assessment. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The residual values, useful lives and method of depreciation are reviewed at least at each financial year-end and adjusted prospectively, if appropriate.

Depreciation on additions/ (disposals) are provided on a pro-rata basis i.e. from/ (up to) the date on which the asset is ready to use/ (disposed off).

f) Intangible Assets and Amortization:

Intangible assets with finite useful life that are acquired separately are stated at acquisition cost less accumulated amortization and impairment losses, if any. The Company determines the useful life as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortization method is reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENT

g) Impairment of Non-Financial Assets:

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the statement of profit and loss. In case of revalued assets, such reversal is not recognised.

h) Inventories:

Inventories comprise of stock-in-trade which are carried at the lower of cost and net realisable value. Cost is determined on moving weighted average basis.

Cost of stock-in-trade comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make sale.

i) Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

j) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognised.

k) Revenue Recognition:

Revenue is recognised on a fair value basis to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. **Sale of Products:** Sales of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer that coincides with delivery and are recorded net of rebates, trade discounts, returns and applicable taxes.

NOTES TO FINANCIAL STATEMENT

- ii. **Rendering of services:** Revenue from services is recognized on rendering of services
- iii. **Interest income:** is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- iv. **Rental Income:** Rental income is recognized on accrual basis.
- v. **Dividends:** Revenue is recognized when shareholders' right to received dividend is established.
- vi. **Revenue from contracts:** Revenue from maintenance contracts is recognized on a pro-rata basis over the period of the contract

l) Lease:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease:

Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

m) Employee Benefit Expense:

i) Short-term Employee Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii) Post-employment benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Statement of Profit and Loss as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC)

NOTES TO FINANCIAL STATEMENT

and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income.

iii) Other Long-term employee benefits - Compensated Absences:

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

n) Income Taxes:

Income tax comprises of current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current tax comprises expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- i. temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- ii. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

o) Foreign Currency Transactions:

Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-Monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate as at the date of initial transactions.

NOTES TO FINANCIAL STATEMENT

p) Earnings Per Share:

The Company calculates earnings per share amounts for profit or loss attributable to ordinary equity shareholders.

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q) Financial Instruments:

i) Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and Subsequent Measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt investment;
- Fair Value through Other Comprehensive Income - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO FINANCIAL STATEMENT

Financial assets: subsequent measurement and gains and losses -

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Equity Instrument

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

NOTES TO FINANCIAL STATEMENT

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

r) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

s) Segment Reporting - Identification of Segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's management to make decisions for which discrete financial information is available.

Based on the management approach as defined in Ind AS 108, the management evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(a) Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended on March,31 2018 (Rs. in Lacs)

Description	Building	Spa / Fitness Equipment	Air-conditioning Plant & Units	Furniture, Fixtures & Fittings	Motor Vehicles	Electrical Fittings	Office Equipment	Leasehold Improvement	Total
Gross carrying value (at deemed cost)									
Balance as at 1 April 2016	1,042.88	175.82	116.86	525.70	38.80	129.59	302.31	77.37	2,409.33
Additions	—	—	0.19	14.13	—	2.61	17.76	35.58	70.26
Deletions / discarded / adjustments	1,042.88	—	26.42	156.46	20.91	43.69	107.72	40.04	1,438.11
Balance as at 31 March 2017	—	175.82	90.63	383.37	17.89	88.51	212.35	72.92	1,041.48
Additions	—	—	—	—	—	—	0.25	—	0.25
Deletions / discarded / adjustments	—	—	—	—	5.42	—	—	—	5.42
Balance as at 31 March 2018	—	175.82	90.63	383.37	12.46	88.51	212.61	72.92	1,036.31
Accumulated depreciation									
As at 1 April 2016	315.52	148.06	49.59	267.84	25.05	51.34	248.24	30.43	1,136.07
Charge for the year	—	6.98	7.46	36.09	3.20	13.08	21.29	19.55	107.66
Deletions/Adjustments	315.52	—	10.49	48.26	15.95	16.66	71.40	5.44	483.71
Balance as at 31 March 2017	—	155.04	46.56	255.67	12.30	47.76	198.14	44.55	760.02
Charge for the year	—	6.98	5.61	19.19	1.04	7.13	6.17	14.60	60.71
Deletions/ adjustments	—	—	—	—	5.15	—	—	—	5.15
Balance as at 31 March 2018	—	162.02	52.17	274.86	8.19	54.89	204.31	59.15	815.58
Net carrying amount									
As at 1 April 2016	727.36	27.76	67.27	257.86	13.74	78.25	54.07	46.94	1,273.25
As at 31 March 2017	—	20.78	44.07	127.69	5.58	40.75	14.22	28.37	281.46
As at 31 March 2018	—	13.80	38.46	108.50	4.28	33.62	8.30	13.77	220.74

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(b) Investment Property

Following are the changes in the carrying value of Investment Property for the year ended on March, 31 2018

(Rs. in Lacs)

Description	Building	Total
Gross carrying value (at deemed cost)		
Balance as at 1 April 2016	—	—
Transferred from PPE	1,042.88	1,042.88
Additions	—	—
Deletions / discarded / adjustments	6.17	6.17
Balance as at 31 March 2017	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	—	—
At 31 March 2018	1,036.71	1,036.71
Accumulated depreciation		
As at 1 April 2016	—	—
Transferred from PPE	315.52	315.52
Charge for the year	16.40	16.40
Deletions/Adjustments	0.51	0.51
Balance as at 31 March 2017	331.41	331.41
Charge for the year	16.30	16.30
Deletions/Adjustments	—	—
At 31 March 2018	347.71	347.71
Net carrying amount		
As at 1 April 2016	—	—
As at 31 March 2017 (Fair Market Value Rs.6,153.71 Lacs)	705.30	705.30
As at 31 March 2018 (Fair Market Value Rs.6,159.59 Lacs)	689.00	689.00

The fair value of investment property has been determined having reference to the market values as prescribed under the ready reckoner published by a competent authority, as the company believes that the current market price of similar properties in the vicinity is the best evidence of the fair value of such investment property.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(c) Other Intangible assets

Following are the changes in the carrying value of other Intangible Assets for the year ended on March,31 2018

(Rs. in Lacs)

Description	Licenses & Franchise	Sublicense	Software	Total
Gross carrying value (at deemed cost)				
Balance as at 1 April 2016	363.51	1,831.89	192.00	2,387.40
Additions	—	—	0.95	0.95
Deletions / discarded / adjustments	363.51	1,831.89	6.23	2,201.63
Balance as at 31 March 2017	—	—	186.72	186.72
Additions	—	—	—	—
Deletions / discarded / adjustments	—	—	—	—
Balance as at 31 March 2018	—	—	186.72	186.72
Accumulated depreciation				
As at 1 April 2016	345.33	574.41	35.79	955.54
Charge for the year	—	168.92	18.63	187.55
Deletions/Adjustments	345.33	743.33	1.38	1,090.05
Balance as at 31 March 2017	—	—	53.04	53.04
Charge for the year	—	—	17.74	17.74
Deletions/Adjustments	—	—	—	—
Balance as at 31 March 2018	—	—	70.78	70.78
Net carrying amount				
As at 1 April 2016	18.18	1,257.47	156.21	1,431.86
As at 31 March 2017	—	—	133.68	133.68
As at 31 March 2018	—	—	115.94	115.94

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 4 — NON CURRENT INVESTMENTS			
(a) In Equity instruments Of Subsidiary Companies(At Cost)			
Unquoted			
50,000 (2017- 50,000; 2016- 50,000) ordinary shares of £ 1 each of BB (UK) Ltd	41.85	41.85	41.85
32,71,000 (2017- 32,71,000; 2016- NIL) Equity shares of Rs. 100 each of Cravatex Brands Ltd	3,271.00	3,271.00	—
(b) In Government Securities (At Cost)			
National Saving Certificate	—	0.22	0.22
(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)			
Total	3,312.85	3,313.07	42.07
NOTE 5 — NON CURRENT LOANS			
(Unsecured, Considered Good)			
Security Deposits	11.66	8.51	434.61
Total	11.66	8.51	434.61
NOTE 6 — OTHER NON-CURRENT FINANCIAL ASSETS			
Fixed Deposits With Banks	—	—	26.2
Total	—	—	26.20
NOTE 7 — OTHER NON-CURRENT ASSETS			
(Unsecured, Considered Good)			
Advance to Custom Authority [Refer Note No 32(6)]	13.50	13.50	13.50
Total	13.50	13.50	13.50
NOTE 8 — INVENTORIES			
Stock-in-Trade	37.30	101.81	5,213.66
(valued at lower of cost and net realisable value)			
Total	37.30	101.81	5,213.66
NOTE 9 — TRADE RECEIVABLES			
Unsecured, considered good			
Trade receivables for a period exceeding six months	—	3.70	1,131.65
Other Trade receivables	42.00	98.79	6,085.73
Total	42.00	102.49	7,217.38

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 10 — CASH AND CASH EQUIVALENTS			
(a) Balances with banks:			
Current accounts	122.67	176.63	101.87
(b) Cheques, drafts on hand	—	—	20.20
(c) Cash in hand	0.00	0.00	6.51
Total	122.67	176.63	128.58
NOTE 11 — OTHER BANK BALANCES			
Unpaid Dividend Account	8.49	10.75	10.80
Earmarked Deposits	—	—	0.75
Total	8.49	10.75	11.55
NOTE 12 — OTHER CURRENT FINANCIAL ASSETS			
Staff Advance	—	0.15	0.20
Interest accrued	—	0.03	0.04
Accrued Dividend receivable	—	0.30	0.29
Rent receivable	—	2.76	—
Insurance Claim Receivable	—	—	10.93
Other Loans & Advances	35.00	77.50	77.50
Total	35.00	80.74	88.96
NOTE 13 — CURRENT TAX ASSETS			
Current Tax Assets	148.28	139.72	126.21
Total	148.28	139.72	126.21
NOTE 14 — OTHER CURRENT ASSETS			
Prepaid Expenses	13.70	27.41	100.17
Gratuity obligation (net)	6.16	—	—
Duty Drawback	—	—	0.28
Refund Receivable from Custom Authorities	—	—	5.33
Advance to Others	—	—	52.87
Total	19.86	27.41	158.65

NOTES TO FINANCIAL STATEMENT
NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 15 — EQUITY SHARE CAPITAL			
Authorised:			
48,50,000 (2017- 48,50,000; 2016- 48,50,000) Equity shares of Rs.10 each	485.00	485.00	485.00
1,01,50,000 (2017- 1,01,50,000; 2016- NIL) Preference Shares of Rs. 10 each	1,015.00	1,015.00	—
15,000 (2018- NIL; 2017- NIL; 2016- 15,000)Preference Shares of Rs. 100 each	—	—	15.00
Total	1,500.00	1,500.00	500.00
Issued, Subscribed and Fully Paid:			
25,84,160 (2017- 25,84,160; 2016- 25,84,160) Equity shares of Rs.10 each	258.42	258.42	258.42
Total	258.42	258.42	258.42

Notes:
1) Reconciliation of Number of Shares:

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of Shares	Amount Rs. in Lacs	Number of Shares	Amount Rs. in Lacs
Equity Shares of Rs.10 each				
Shares outstanding at the beginning of the year	2,584,160	258.42	2,584,160	258.42
Shares Issued during the year	—	—	—	—
Shares outstanding at the end of the year	2,584,160	258.42	2,584,160	258.42

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
2) The details of the Shareholders holding more than 5%			
1) R. B. Fitness & Trading Pvt. Ltd.			
No. of Shares held	1,921,570	1,921,570	1,921,570
% Held	74.36%	74.36%	74.36%

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.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 16 — OTHER EQUITY			
Capital Reserve	18.92	18.92	18.92
Export Profit Reserve	1.68	1.68	1.68
General Reserve	2,638.87	2,638.87	2,970.45
Retained Earnings	67.67	—	—
Total	2,727.14	2,659.47	2,991.05

Description of nature and purpose of each reserve

Capital Reserve

Capital reserve represents amount received from Government of Karnataka.

Export Profit Reserve

Export profit reserve represents the amount earned from export sales and is to be utilised for the purpose of exports.

General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer.

Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 17 — NON CURRENT FINANCIAL BORROWINGS			
(a) Secured			
Term Loans from Bank	128.77	—	677.38
(b) Unsecured			
90,00,000(2017 - 90,00,000; 2016- NIL), 4% Non-convertible Cumulative Redeemable Preference shares of Rs.10 each	543.74	492.73	—
Total	672.51	492.73	677.38

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTES:

Term Loan from Bank:

(1) HDFC Bank Ltd - Rs.128.77 Lacs (2017- NIL; 2016-NIL)

- Secured by first charge on the lease rentals from Company's property at Nariman point, Mumbai and mortgage extended over the company's property at Nariman point, Mumbai.
- Rate of interest is 11.25% p.a. (linked to 1 year MCLR)
- Repayable in 34 monthly installment starting from July 2017 with last installment payable on April 2020

(2) Axis Bank Ltd. -Rs. NIL (2017- NIL; 2016-Rs.677.38 Lacs)

- Secured by first charge of equitable mortgage of Company's property at Prabhadevi & Secured by first charge on the lease rentals from Company's property at Nariman point, Mumbai.
- Rate of interest is base rate plus 2.75%
- Repayable in 66 monthly installment.

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

The Company has issued 4% Non-convertible redeemable preference share having a face value of Rs.10/- per each redeemable after a period of 20 years. Preference shareholders shall rank for dividend in priority to the equity shares. The Preference shareholder shall be eligible for 4% fixed cumulative preferential dividend.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 18 — OTHER NON-CURRENT FINANCIAL LIABILITIES			
Security Deposits Received	186.96	7.60	352.93
Total	186.96	7.60	352.93
NOTE 19 — DEFERRED TAX LIABILITIES (NET)			
Deferred tax liabilities:			
Depreciation on fixed assets	200.43	208.49	558.14
MAT Credit Entitlements	(74.00)	(74.00)	(74.00)
Deferred tax assets:			
Disallowances under the Income tax Act, 1961	—	—	(4.63)
Total	126.43	134.49	479.51
NOTE 20 — OTHER NON-CURRENT LIABILITIES			
Deferred Income	368.06	372.79	0.18
Total	368.06	372.79	0.18

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 21 — CURRENT FINANCIAL BORROWINGS			
From Banks	—	74.74	7,068.19
From Related Parties	150.00	125.00	888.25
From Other Parties	—	—	12.00
Current maturities of long-term borrowing	135.80	275.35	—
Total	285.80	475.09	7,968.44

NOTES:

Secured

The Overdraft and Working Capital Demand Loan facilities taken by the Company are availed from HDFC Bank and Axis Bank and have been secured by:

I) First pari-passu charge as follows:

- 1) by way of hypothecation on entire current assets of the Company including stock and book debts, present and future.
- 2) by way of equitable mortgage of 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 on commercial Office located at 4th Floor Sahas, Prabhadevi, Mumbai of Cravatex Limited & first charge on the lease rentals from Company's property at Nariman point, Mumbai .

The above borrowings carry a rate of interest ranging between 8% to 11.5%.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 22 — TRADE PAYABLE			
Trade Payables	35.85	7.89	2,412.94
Total	35.85	7.89	2,412.94

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, 2018, 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.

NOTES TO FINANCIAL STATEMENT
NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 23 — OTHER CURRENT FINANCIAL LIABILITIES			
Security deposits Received	—	252.84	—
Interest Accrued but not due	43.33	43.33	—
Unpaid Dividend	8.49	10.75	10.78
Other Liabilities			
Subsidiary Company	6.52	135.86	—
Others	13.54	155.86	460.28
Total	71.88	598.64	471.06
NOTE 24 — OTHER CURRENT LIABILITIES			
Advances received against supplies and services	—	2.00	216.33
Other liabilities (includes statutory dues)	7.61	10.85	268.87
Deferred Income	36.63	20.89	21.86
Total	44.24	33.74	507.06
NOTE 25 — CURRENT PROVISIONS			
Gratuity obligation (Net)	—	54.21	47.51
Total	—	54.21	47.51
NOTE 26 — REVENUE FROM OPERATIONS			
Sale of products		74.08	15,220.53
Sale of Service		—	476.83
(Sales of products are reported net of trade and turnover discounts to dealers and commission on consignment sales)			
Total		74.08	15,697.36
NOTE 27 — OTHER INCOME			
Interest Income			
Bank Interest		9.49	0.25
Financial Instruments carried at amortised cost		36.63	42.57
Dividend Income		68.48	0.02
License fees		327.48	255.80
Service Fees		61.27	14.58
Gain on Sale of Investments		0.06	—
Foreign exchange fluctuation (Net)		—	33.28
Miscellaneous income		0.25	0.82
Total		503.66	347.32

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	2017-18 Rs. in Lacs	2016-17 Rs. in Lacs
NOTE 28 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE		
Opening stock		
Stock-in-trade	101.81	4,955.98
Stores and spares	—	257.68
	<u>101.81</u>	<u>5,213.66</u>
Less: Inventories transferred in slump sales		
Stock-in-trade		4,593.34
Stores and spares		264.74
Less: Closing stock		
Stock-in-trade	37.30	101.81
Stores and spares	—	—
	<u>64.51</u>	<u>253.77</u>
NOTE 29 — EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	102.96	1,807.20
Contributions to:		
Provident, Family Pension and other Funds	5.67	99.27
Employees State Insurance Scheme	0.14	3.64
Superannuation Scheme	—	7.82
Staff welfare expenses	0.86	35.67
Total	<u>109.63</u>	<u>1,953.60</u>
NOTE 30 — FINANCE COST		
Interest expense	100.30	819.85
Other borrowing costs	3.50	135.29
Total	<u>103.80</u>	<u>955.14</u>

NOTES TO FINANCIAL STATEMENT
NOTES — Contd.

Particulars	2017-18 Rs. in Lacs	2016-17 Rs. in Lacs
NOTE 31 — OTHER EXPENSES		
Stores, spares and packing materials consumed	—	24.91
Power, fuel and water	—	81.21
Service charges	—	194.32
Rent	—	740.55
Insurance	2.38	22.57
Rates and taxes	12.81	12.51
Printing and stationery	2.34	26.34
Communications	2.48	84.15
Repairs - Others	22.93	70.16
Advertisement and publicity	1.47	558.89
Sublicence fee	—	616.94
Travelling and conveyance	8.07	307.83
Commission and brokerage	—	42.68
Transportation and octroi charges	—	410.05
Legal & Professional Charges	18.61	285.26
Directors fees	6.54	12.41
Auditors' remuneration	3.75	9.81
Corporate Social Responsibility	—	0.79
Loss on sale of asset	0.03	—
Bad Debts	39.24	5.63
Other expenses	11.78	226.57
Total	132.43	3,733.58

Sr. No. Particulars	Reference No.	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs
NOTE 32 — CONTINGENT LIABILITIES (to the extent not provided for)			
A. Claims against the Company not acknowledged as debt:			
1) Labour Claim	1	1.75	1.75
B. Other money for which the Company is contingently liable			
1) Demands under Wealth Tax Act	2	51.25	51.25
2) Demands under Income Tax Act	3, 4 & 5	25.43	25.17
3) Demands under Customs Act	6 & 7	133.50	133.50
4) Others	8	43.06	38.32
Total		254.99	249.99

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Notes:

- 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 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.
- 3 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.
- 4 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.
- 5 The tax authorities had raised a demand of Rs.25,163/- for the assessment year 2011-12 as per order u/s 201(1)/(1A) dtd.29.03.2018 on account of short deduction of TDS & interest thereon. The company has disputed this demand and has filed an appeal with the Commissioner (Appeals) of Income- tax Mumbai against this demand.
- 6 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.
- 7 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.
- 8 Demand of Rs.43,06,399 (PY 38,31,386) was raised in an earlier year 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 company has paid Rs.17,35,297 so far to the Society under protest. However net liability of the Company against this demand is Rs.25,71,102.

NOTE 33 — OTHER COMMITMENTS

An amount of Rs.40,00,000 was due from a third party in terms of Settlement Agreement with this party as a Consultant. During the year an amount of Rs.5,00,000 has been recovered under the said Settlement Agreement with the party. In spite of all assurances given to the company by this party for clearing the balance debt of RS.35,00,000, the party has not yet paid any amount. A legal case is being filed against the party for recovery of balance debt.

NOTES TO FINANCIAL STATEMENT
NOTES — Contd.

Particulars	FY 2017-18 Rs. in Lacs	FY 2016-17 Rs. in Lacs
NOTE 34 — INCOME TAXES		
(A) Tax expense recognised in profit and loss		
Current tax		
Current tax	—	—
Excess Tax Provision for Earlier years	2.15	—
Deferred Tax (net)		
Deferred tax credit / (charge)	8.06	345.02
Tax expense for the year	10.21	345.02
(B) Reconciliation of Effective Tax Rate:		
Profit before tax	31.97	(660.20)
Applicable Tax Rate	30.90%	30.90%
Income tax expense calculated at above rate	9.88	—
Adjustments of Current Tax for prior period	2.15	—
Tax Loss for which no deferred income tax was recognised	(9.88)	349.65
Tax effects of amounts which are not deductible (taxable) in calculating taxable income	8.06	(4.63)
Income tax expense recognised in profit and loss	10.21	345.02

(C) Deferred tax assets / liabilities (net):

(Rs. in Lacs)

Particulars	As at 31st March 2017	Recognised in Statement of Profit & Loss Account	Recognised in OCI	As at 31st March 2018
MAT Credit Entitlements	74.00	—	—	74.00
Depreciation on Fixed assets	(208.49)	8.06	—	(200.43)
Deferred tax liabilities	(134.49)	8.06	—	(126.43)

(Rs. in Lacs)

Particulars	As at 1st April 2016	Recognised in Statement of Profit & Loss Account	Recognised in OCI	As at 31st March 2017
MAT Credit Entitlements	74.00	—	—	74.00
Disallowance under Income Tax Act, 1961	4.63	(4.63)	—	—
Depreciation on Fixed assets	(558.14)	349.65	—	(208.49)
Deferred Tax Liability	(479.51)	345.02	—	(134.49)

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 35 — EMPLOYEE BENEFITS

a. Defined Benefit Plans:

Gratuity:

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company for payment of gratuity.

Inherent Risk on above:

The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

Particulars	31st March 2018 Gratuity Rs. in Lacs	31st March 2017 Gratuity Rs. in Lacs
(i) Change in Defined Benefit Obligation		
Balance at the beginning of the year	218.20	208.28
Adjustment of:		
Current Service Cost	22.54	21.69
Liability transferred out/ Divestments	(152.92)	—
Past Service cost	—	—
Interest Cost	13.12	15.62
Actuarial (gains)/losses recognised in "Other Comprehensive Income:		
— Change in Financial Assumptions	—	—
— Change in Demographic Assumptions	—	—
— Experience Changes	(20.72)	17.45
Benefits Paid	(55.00)	(44.84)
Balance at the end of the year	25.21	218.20
(ii) Change in Fair value of assets		
Balance at the beginning of the year	163.99	155.95
Assets transferred out/ Divestments	(152.92)	—
Expected Return on Plan Assets excluding interest income	4.78	—
Interest Income	13.12	11.70
Re-measurements due to:		
Actual Return on Plan Assets less "interest on Plan Assets	—	2.67
Contribution by the employer	57.41	38.51
Benefits Paid	(55.00)	(44.84)
Balance at the end of the year	31.38	163.99
(iii) Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(25.21)	(218.20)
Fair Value of Plan Assets	31.38	163.99
Net Asset / (Liability) in the Balance Sheet	6.16	(54.21)
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	22.54	21.69
Interest Cost	—	3.92
Past Service Cost	—	—
Expected Return on Plan Assets	—	—
Amount charged to the Statement of Profit and Loss	22.54	25.61

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
(v) Re-measurements recognized in Other Comprehensive Income (OCI):		
Changes in Financial Assumptions	—	—
Changes in Demographic Assumptions	—	—
Experience Adjustments	(20.72)	17.45
Actual return on Plan assets less interest on plan assets	(4.78)	(2.67)
Amount recognized in Other Comprehensive Income(OCI)	(25.49)	14.78
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	12.43	24.86
Between 1 and 5 years	4.49	53.29
Between 6 and 10 years	10.86	51.85
11 Years and above	8.64	332.71
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	25.21	218.20
1% increase in discount rate	(0.87)	(193.86)
1% decrease in discount rate	0.97	192.01
1% increase in salary escalation rate	0.67	192.31
1% decrease in salary escalation rate	(0.74)	(193.73)
1% increase in employee turnover rate	0.13	192.86
1% decrease in employee turnover rate	(0.14)	(193.13)
The major categories of plan assets as a percentage of total plan:		
Insurer Managed Funds	31.38	163.99
Actuarial Assumptions:		
Discount Rate (p.a.)	7.50%	7.50%
Expected Return on Plan Assets (p.a.)	7.50%	7.50%
Turnover Rate	20% and 7%	2.00%
Mortality tables	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate (p.a.)	6.00%	6.00%
Retirement age	60 and 65	60 and 65

Weighted Average duration of Defined benefit obligation

* The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

Basis used to determine Expected Rate of Return on Plan Assets: The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary Escalation Rate: The past experience and industry practice considering promotion and demand and supply of employees.

Asset Liability matching strategy: The money contributed by the Company to the Gratuity fund to finance the liabilities of the plan has to be invested.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

The trustees of the plan have outsourced the investment management of the fund to an insurance Company. The insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy.

There is no compulsion on the part of the Company to fully prefund the liability of the Plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

b. Defined Contribution Plans:

Amount recognized as an expense and included in Note 29 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is:

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
Provident, Family Pension and other Funds	5.67	99.28
Employees State Insurance Scheme	0.14	3.64
Superannuation Scheme	—	7.82
Total	5.81	102.91

NOTE 36 — RELATED PARTY DISCLOSURES**Name of Related Parties****Nature of Relationship****(A) List of parties exercising control:**

R.B Fitness & Trading Private Limited Holding Company

(B) List of Related Parties where control exists:

Cravatex Brands Limited Subsidiary Company
 BB UK Ltd. Subsidiary Company
 Proline India Ltd. Enterprises where common control exists
 Proline Exports Pvt Ltd.
 Crav Apparels Private Limited

(C) Key Management Personnel:

Mr. Rajesh Batra Chairman & Managing Director
 Mr. Divakar Kamath President Corporate Affairs & Chief Financial Officer
 Mr. Rajiv Batra Non-Executive Director
 Mr. Nabankur Gupta Non-Executive Director
 Mr. N.R.Mahalingam Independent Director
 Mr. Arjun Bulchandani "Independent Director "(Up to 08.11.2016)"
 Mr. H.K.Vakharia Independent Director
 Mr. S.D.Israni Independent Director
 Mr. N.Santhanam Independent Director
 Ms. Pheroza Jimmy Bilimoria Independent Director
 Mr. Sudhanshu Namdeo Company Secretary

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
(D) The following transactions were carried out with the related parties in the ordinary course of business:		
Interest Expenses		
Proline Exports Private Limited	33.74	0.82
Crav Apparels Pvt. Ltd.	1.79	12.55
Directors Remuneration		
Mr. Rajesh Batra	7.79	23.89
Sale of Business Undertaking on Slump Sale		
Cravatex Brands Ltd.	—	3,268.00
Dividend Received		
BB UK Ltd.	68.48	—
Commission Income		
Proline India Ltd.	—	47.74
Commission Expenses		
Proline India Ltd.	—	23.09
Service Charges Received on SAP		
Cravatex Brands Ltd.	46.57	—
Proline India Ltd.	14.70	14.58
Rent Income		
Cravatex Brands Limited	111.60	2.76
Purchase of Apparels		
Proline Exports Pvt. Ltd.	—	4.18
Purchase of Products		
Cravatex Brands Limited	37.51	—
Inter-Corporate Deposit taken		
Proline Exports Private Limited	375.00	100.00
Crav Apparels Private Limited	—	500.00
Inter-Corporate Deposit repaid		
Proline Exports Private Limited	325.00	675.00
Crav Apparels Private Limited	25.00	475.00
Director Sitting Fee		
Mr. Arjun Bulchandani	—	0.40
Mr. H.K. Vakharia	0.70	0.60
Mr. N. R. Mahalingam	1.40	2.20
Dr. S. D. Israni	1.40	2.20
Mr. N. Santhanam	1.00	1.80
Ms. Pheroza Jimmy Bilimoria	0.70	1.30
Mr. Rajiv Batra	0.20	0.20
Mr. Nabankur Gupta	0.90	2.10
Key Managerial Personnel		
Mr. Divakar Kamath	21.77	31.44
Mr. Sudhanshu Namdeo	20.35	21.08

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
(E) Outstanding balances:		
Inter-Corporate Deposit Payable		
— Proline Exports Pvt. Ltd.	150.00	100.00
— Crav Apparels Pvt. Ltd.	—	25.00
Trade Payables		
— Proline Exports Pvt. Ltd.	3.33	4.18
— Cravatex Brands Limited	45.56	135.86
Trade Receivables		
— Proline India Ltd.	—	0.76
(F) Compensation of Key Management Personnel of the Company:		
Short Term Employee Benefits	46.62	73.18
Other Long Terms Benefits	3.29	3.23
Total Compensation	49.91	76.41

Terms and condition of transaction with related parties:

All related party transactions entered during the year are in ordinary course of the business and are on arm's length basis.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 37 — FINANCIAL INSTRUMENTS: DISCLOSURE			
Financial assets at Amortized cost:			
Loans (Non Current)	11.66	8.51	434.61
Trade Receivables	42.00	102.49	7,217.38
Cash and Cash Equivalents	122.67	176.63	128.57
Other Bank Balances	8.49	10.75	11.55
Other Current Financial Assets	35.00	80.74	11.17
Financial assets at Fair Value through Other Comprehensive Income			
Investment (Non Current)	3,312.85	3,313.07	42.08
Total	3,532.67	3,692.19	7,845.36
Financial liabilities at Amortized cost:			
Borrowings (Non Current)	672.51	492.73	677.38
Borrowings (Current)	285.80	475.09	7,968.44
Other Non Current Financial Liabilities	186.96	7.60	352.93
Trade Payables	35.85	7.89	2,412.93
Other Current Financial Liabilities	71.88	598.64	471.06
Total	1,253.00	1,581.95	11,882.74

Carrying amount of Investment, Trade Receivables, Cash and Cash Equivalent, Bank balances, Other financial Assets, Trade payables and Other financial liabilities as at 31st March, 2018, 31st March, 2017 and 1st April, 2016 approximate the Fair Value because of their short term nature. Difference between carrying amount and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant each of year presented.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 38 — FAIR VALUE MEASUREMENT

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorizes the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The company does not have any such asset or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

The management assessed that cash and bank balances, trade payables, and other financial asset and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTE 39 — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise of Borrowings. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets include Investments, Loans and Other receivables, Cash and Cash Equivalents, Other Bank Balances that directly derive from its operations.

The Company is exposed to Market Risk, Credit Risk and Liquidity Risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(A) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument.

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

(1) Foreign Currency Risk

Foreign currency risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the import of fila and fitness and exports of fila.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like forwards contracts to hedge exposure to foreign currency risk.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Outstanding Foreign Currency Exposure (gross)			
Trade Receivables			
USD	—	—	1.00
Trade Payables			
USD	—	—	24.38

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Foreign Currency Sensitivity on unhedged exposure:

1% increase in foreign exchange rate will have the following impact on profit/ (loss) before tax:

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
USD	—	—	15.49

Note: If the rate is decreased by 100 bps profit/(loss) will increase by an equal amount.

(2) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
(a) Fixed Rate			
Non Current Borrowings	900.00	900.00	—
Fixed Deposits	—	—	26.22
(b) Fluctuating Rate			
Non Current Borrowings	131.91	—	679.43
Current Borrowings	285.80	475.09	7,968.44

Interest rate sensitivities for unhedged exposure (impact on increase in 100 bps):

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
Non Current Borrowings	1.32	—	6.79
Current Borrowings	2.86	4.75	79.68

Note: If the rate is decreased by 100 bps profit will increase by an equal amount.

(B) Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating (primarily Trade Receivables), investing and financing activities including Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

Trade Receivables:

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and based on the evaluation credit limit of each customer is defined.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The company allows credit period ranging from 60 days to 180 days, subject to reasonableness of the receivable. There is no concentration of customers and receivable amount.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Investments, Cash and Cash Equivalent and Bank Deposit:

Credit Risk on cash and cash equivalent is generally low, as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

Investments of surplus funds are made only based on Investment Policy of the Company. Investments consists of Investments in Subsidiaries.

(C) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(Rs. in Lacs)

As at 31st March 2018	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade Payables	35.85	—	—	35.85
Borrowings (including current maturities of long term debt)	285.80	128.77	900.00	1,314.57
Other Financial Liabilities	71.88	219.33	—	291.21

(Rs. in Lacs)

As at 31st March 2017	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade Payables	7.89	—	—	7.89
Borrowings (including current maturities of long term debt)	475.09	—	900.00	1,375.09
Other Financial Liabilities	606.44	7.60	—	614.04

(Rs. in Lacs)

As at 1st April 2016	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade Payables	2,412.93	—	—	2,412.93
Borrowings (including current maturities of long term debt)	7,968.44	679.43	—	8,647.87
Other Financial Liabilities	471.06	352.93	—	823.99

NOTE 40 — CAPITAL MANAGEMENT

The Company's objectives when managing capital are to

- maximise shareholder value and provide benefits to other stakeholders and
- maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
A) Total Debt	958.31	967.82	8,645.82
B) Cash and Marketable securities	122.67	176.63	128.86
C) Net Debt (A-B)	835.64	791.19	8,516.96
D) Total Equity as per Balance Sheet	2,985.56	2,917.89	3,249.48
Debt to Equity (Net) (C/D)	0.28	0.27	2.62

In addition the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA, etc. which is maintained by the Company

NOTE 41 — FIRST TIME ADOPTION OF IND AS (IND AS 101)

As stated in Note 2, these financial statements for the year ended 31 March 2018, are the first financials which Company has prepared in accordance with Ind AS. For periods 1st April 2016 to 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (IGAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its IGAAP financial statements as at 1st April 2016 and for the year ended March 31, 2017 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

A. Exemptions Availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

a. Optional Exemptions availed**i) Deemed cost for PPE and Intangible Assets:**

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

ii) Investment in Subsidiary, Joint ventures and Associates:

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. April 1, 2016 in its separate financial statements.

iii) Fair Value of Financial Assets and Liabilities:

As per Ind AS exemption the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

b. Mandatory Exemptions availed**i) Estimates**

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with the previous GAAP. The Company made estimates for the following items in accordance with the Ind AS at date of transition as these were not required under previous GAAP:

- Fair valuation of financial Instruments carried at FVTPL and/or FVOCI
- Determination of the discounted value for financial instruments carried at amorised cost

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

ii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provision of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind As. Accordingly, the Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

iii) Classification and measurement of financial assets

The Company has determined the classification of financial assets based on facts and circumstances that exists on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

B) Reconciliations between Previous GAAP and Ind AS:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for the period. The following tables represent the reconciliations between previous GAAP and Ind AS:

1) Reconciliation of Equity as on 31st March, 2017 and 1st April 2016:

Particulars	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
Total Equity as per Previous GAAP	3,851.02	3,246.51
Reclassification of Non-convertible preference shares	(900.00)	—
Impact of adjustment on ancillary cost on borrowing amortised (refer note i)	(26.84)	4.28
Fair valuation of security deposits (refer note ii)	(2.20)	—
Deferred tax impact on above (refer note iii)	(4.09)	(1.32)
Total Equity as per Ind AS	2,917.89	3,249.47

2) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2017:

Particulars	For the year ended 31st March 2017 Rs. in Lacs
Net Profit after tax as per Previous GAAP	(295.50)
Impact of adjustment on ancillary cost on borrowing amortised (refer note i)	(31.12)
Fair valuation of security deposits (refer note ii)	(2.20)
Deferred tax impact on above (refer note iii)	(2.77)
Remeasurements of the defined benefit plans (refer note iv)	16.40
Profit after tax as per Ind AS	(315.18)
Other Comprehensive Income/(Loss) (refer note iv)	(16.40)
Total Comprehensive Income/(loss) as per Ind AS	(331.58)

Notes:

- i. Under Previous GAAP, transaction cost related to borrowings were charged to Profit & Loss Account as and when incurred. Under Ind AS, these cost are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying effective interest rate method.
- ii. Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as deferred lease rent and recognised as expense uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

- iii. Deferred Tax has been recognised on adjustments made on transition to Ind AS.
- iv. Under Ind AS, remeasurement i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

3) Reconciliation of Balance sheets

Rs. in Lacs

Particulars	As on 31st March 2017			As on 1st April 2016		
	As per Previous GAAP	Effect of transition to IND AS	Ind AS	As per Previous GAAP	Effect of transition to IND AS	Ind AS
Assets						
Non Current Assets						
A) Property, Plant & Equipment	986.76	(705.30)	281.46	1,273.24	—	1,273.24
B) Intangible Assets	133.68	—	133.68	1,431.85	—	1,431.85
C) Investment Property	—	705.30	705.30	—	—	—
D) Financial Assets						
— Investments	3,313.08	(0.01)	3,313.07	42.08	—	42.08
— Loans	13.50	(4.99)	8.51	13.50	421.11	434.61
— Other Financial Assets	—	—	—	—	103.72	103.72
E) Other Non Current Assets	86.01	(72.51)	13.50	512.11	(498.61)	13.50
Total Non Current Assets	4,533.02	(77.51)	4,455.52	3,272.78	26.22	3,299.00
Current Assets						
A) Inventories	101.81	—	101.81	5,213.66	—	5,213.66
B) Financial Assets						
— Investments	—	—	—	—	0.29	0.29
— Trade receivables	102.49	—	102.49	6,535.32	682.06	7,217.38
— Cash and cash equivalents	187.38	(10.75)	176.63	166.33	(37.76)	128.57
— Bank Balances other than Cash and Cash Equivalents	—	10.75	10.75	—	11.55	11.55
— Loans	241.28	(241.28)	—	354.68	(354.68)	—
— Others (to be specified)	—	80.74	80.74	—	11.17	11.17
C) Current Tax Assets (Net)	—	139.72	139.72	—	126.21	126.21
D) Other Current Assets	3.09	24.32	27.41	11.26	147.39	158.65
Total Current Assets	636.05	3.51	639.55	12,281.25	586.23	12,867.48
Total Assets	5,169.07	(74.00)	5,095.07	15,554.03	612.45	16,166.48
Equity & Liabilities						
Equity						
A) Equity Share Capital	1,158.42	(900.00)	258.42	258.42	—	258.42
B) Other Equity	2,692.60	(33.13)	2,659.47	2,988.10	2.96	2,991.06

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Rs. in Lacs

Particulars	As on 31st March 2017			As on 1st April 2016		
	As per Previous GAAP	Effect of transition to IND AS	Ind AS	As per Previous GAAP	Effect of transition to IND AS	Ind AS
Liability						
Non Current Liability						
A) Financial Liabilities						
— Borrowings	—	492.73	492.73	1,579.68	(902.30)	677.38
— Others	—	7.60	7.60	—	352.93	352.93
B) Deferred Tax Liabilities (net)	204.40	(69.91)	134.49	552.19	(72.68)	479.51
C) Other Non Current Liabilities	260.64	112.15	372.79	377.19	(377.01)	0.18
Current Liabilities						
A) Financial Liabilities						
— Borrowings	199.74	275.35	475.09	5,588.27	2,380.17	7,968.44
— Trade Payables	7.89	—	7.89	3,210.50	(797.57)	2,412.93
— Others	—	598.64	598.64	—	471.06	471.06
B) Other Current Liabilities	591.18	(557.44)	33.74	952.17	(445.11)	507.06
C) Provisions	54.21	—	54.21	47.51	—	47.51
Total Equity & Liabilities	5,169.07	(74.00)	5,095.07	15,554.03	612.45	16,166.48

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

4) Reconciliation of Profit and Loss account for the year ended 31st March 2017

Particulars	As per Previous GAAP	Ind AS adjustments	Rs. in Lacs
			Ind AS
Revenue			
Revenue from Operations	15,697.36	—	15,697.36
Other Income	304.75	42.57	347.32
Total Income	16,002.11	42.57	16,044.68
Expenses			
Cost of Raw Materials Consumed			
Purchase of Stock in Trade	9,957.93	—	9,957.93
Changes in Inventory of Stock in Trade	253.77	—	253.77
Employee Benefit Expense	1,970.00	(16.40)	1,953.60
Finance Costs	961.75	(6.61)	955.14
Depreciation & Amortisation Expense	311.60	—	311.60
Other Expenses	3,651.09	82.49	3,733.58
Total Expenses	17,106.14	59.48	17,165.62
Profit Before Tax & Exceptional Items	(1,104.03)	(16.91)	(1,120.94)
Profit on Sale of Undertaking	460.74	—	460.74
Profit Before Tax Expenses	(643.29)	(16.91)	(660.20)
Tax Expenses:			
Current Tax	—	—	—
Deferred Tax	(347.79)	2.77	(345.02)
Total	(347.79)	2.77	(345.02)
Profit for the Year	(295.50)	(19.68)	(315.18)
Other Comprehensive Income			
Items that will not be reclassified to profit & loss			
— Remeasurements of the defined benefit plans	—	(16.40)	(16.40)
Other Comprehensive Income for the Year	—	(16.40)	(16.40)
Total Comprehensive Income for the year	(295.50)	(36.08)	(331.58)

5) Reconciliation of Statement of Cash flow for the year ended 31st March 2017

There are no material adjustments to the statement of cash flows as reported under the Previous GAAP

IGAAP figures have been regrouped / reclassified wherever necessary to confirm with financial statements under Ind AS.

NOTE 42 — RECENT STANDARDS

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Ind AS 115 Revenue from Contracts with Customers (“Standard”)

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective from 1 April 2018.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is evaluating the impact of this Standard on its financial statements.

NOTE 43 — SEGMENT INFORMATION

The Company has determined following reporting segments based on the information reviewed by the Company’s Chief Operating Decision Maker (‘CODM’)

A) Sports - Trading of footwear, apparels and accessories and

B) Wellness - Gym equipments and accessories

Particulars	For the year Ended 31 March 2018				For the year Ended 31 March 2017			
	Sports	Wellness	Unallocable	Total	Sports	Wellness	Unallocable	Total
Segment Revenue (Revenue from Sales, Services & Other Operating Revenue)								
Revenue from Sale of products	74.08	—	—	74.08	11,338.06	3,882.47	—	15,220.53
Revenue from Services	—	—	—	—	476.83	—	—	476.83
Other Operating Revenue	—	—	—	—	—	—	—	—
Total Revenue (A)	74.08	—	—	74.08	11,814.89	3,882.47	—	15,697.36
Less: Inter Segment Revenue if any (B)	—	—	—	—	—	—	—	—
Total Segment Revenue (C = A-B)	74.08	—	—	74.08	11,814.89	3,882.47	—	15,697.36
Segment Results (Profit / (Loss) Before Interest, Depreciation Tax & Exceptional Items)	(273.15)	—	—	(273.15)	(6.63)	(136.65)	(58.22)	(201.51)
Less: Exceptional Items	—	—	—	—	—	—	460.74	460.74
Segment Results (Profit/(Loss) Before Interest, Depreciation & Tax)	(273.15)	—	—	(273.15)	(6.63)	(136.65)	402.52	259.23
Less: Depreciation & Amortization	—	—	(94.74)	(94.74)	(194.02)	(69.75)	(47.83)	(311.60)
Total Segment Result (D)	(273.15)	—	(94.74)	(367.89)	(200.65)	(206.40)	354.69	(52.37)
Less: Finance Costs	—	—	(103.80)	(103.80)	—	—	(955.15)	(955.15)
Add: Other Income	—	—	503.66	503.66	—	—	347.32	347.32
Loss Before Tax	(273.15)	—	305.12	31.97	(200.65)	(206.40)	(253.14)	(660.20)
Tax Expenses								
— Current Tax	2.15	—	—	2.15	—	—	—	—
— Deferred Tax Charge/(Credit)	8.06	—	—	8.06	—	—	345.02	345.02
Profit for the year	(262.94)	—	305.12	42.18	(200.65)	(206.40)	91.88	(315.18)

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Segment Reporting Format for Business Segment as per IND AS 108

Particulars	As on 31st March 2018	As on 31st March 2017
Segment Assets		
— Sports	79.30	224.50
— Wellness	—	—
Add: Unallocable Segment Assets	4,697.99	4,870.57
Total Assets	4,777.29	5,095.07
Segment Liabilities		
— Sports	35.85	100.26
— Wellness	—	—
Add: Unallocable Segment Liabilities	4,741.44	4,994.81
Total Liabilities	4,777.29	5,095.07

The geographical information analyses the group's revenues and non-current assets by the company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

Particulars	As on 31st March 2018	As on 31st March 2017
A. Revenue from operations		
— Domestic	74.08	15,504.30
— International	—	227.23
B. Non-current assets		
— Domestic	4,363.69	4,455.52
— International	—	—

NOTE 44 — EARNING PER SHARE

(Disclosure Pursuant to Ind AS-33)

Particulars	2017-18	2016-17
Net Profit/(Loss) as per Profit and Loss Account	42.18	(315.18)
Weighted Average Number of Equity Shares	2,584,160	2,584,160
Basic/ Diluted Earning per shares	1.63	(12.20)
Nominal Value per Share (Rs.)	10.00	10.00

NOTES TO FINANCIAL STATEMENT**NOTES — Contd.****NOTE 45 — DISPOSAL OF GROUP OF ASSETS**

During the previous year ended on 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) disposed its Group of Assets 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.

NOTE 46 — CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company as it does not fall under the class of Companies specified under the section.

NOTE 47 — PREVIOUS YEAR'S COMPARABLES

Previous year's figures have been regrouped/reclassified wherever necessary, to confirm with current years classification/disclosure.

CONSOLIDATED AUDITORS' REPORT**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS****To the Members of Cravatex Limited****Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements**

We have audited the accompanying Consolidated Ind AS financial statements of **Cravatex Limited** ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. In conducting 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 of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 including the Ind AS, of the consolidated Financial of the state of affairs of the Company as at 31st March, 2018 and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Other Matter

- (a) Corresponding figures of 01st April, 2016 and for the period ended 31st March, 2017 of the Consolidated Financial statements have been audited by another auditor who expressed an unmodified opinion in his report dated 29th May, 2017 on the Consolidated Financial Statements of the Company.
- (b) We did not audit the financial statements/ Ind AS financial statements of the subsidiaries for the period under consideration,

CONSOLIDATED AUDITORS' REPORT

whose financial statements reflect total assets of Rs. 1,99,52,21,836/- as at March 31, 2018, total revenues of Rs. 3,56,92,81,216 and net cash outflow of Rs. 50,86,24,440/- for the year then ended, as the case may be, on that date. These financial statements / Ind AS financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our opinion on these Consolidated Financial Statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. 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 it appears from our examination of those books.
 - c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including, the consolidated Statement of Cash Flows and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e. On the basis of written representations received from the directors of the Holding Company as on 31st March 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2018, from being appointed as a director of that company in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g. 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 Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group. (Refer Note 35 to Consolidated Ind AS 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 Holding Company and its subsidiary companies incorporated in India.

For **GPS & Associates**
Chartered Accountants
Firm Registration No. 121344W

H. Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

CONSOLIDATED AUDITORS' REPORT

Annexure "A" to the Independent Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of **Cravatex Limited** ("the Holding Company") and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards of Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CONSOLIDATED AUDITORS' REPORT**Opinion**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor, as referred to in the Other Matters paragraph, the Holding Company and its subsidiary which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/standalone financial statements of its subsidiary which is a company incorporated in India, is based on the corresponding reports of the auditor of such company.

For **GPS & Associates**
Chartered Accountants
Firm Registration No. 121344W

H. Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
(A) ASSETS				
(1) Non-Current assets				
(a) Property, Plant and Equipment	3(a)	418.67	540.45	1,311.36
(b) Investment Property	3(b)	689.00	705.30	—
(c) Other Intangible Assets	3(c)	3,674.58	4,066.02	1,441.30
(d) Financial Assets				
(i) Investments	4	—	0.23	0.23
(ii) Loans	5	174.59	207.13	434.61
(iii) Others	6	27.20	27.20	26.22
(e) Other Non-Current Assets	7	25.85	13.54	13.50
Total Non - Current Assets		5,009.88	5,559.87	3,227.22
(2) Current Assets				
(a) Inventories	8	3,627.80	4,161.11	5,632.97
(b) Financial Assets				
(i) Investments	9	607.66	—	—
(ii) Trade receivables	10	10,326.67	6,101.70	8,059.86
(iii) Cash and cash equivalents	11	564.30	5,668.71	714.21
(iv) Bank Balances other than Cash and Cash Equivalents	12	118.58	12.22	11.55
(v) Others Financial Assets	13	38.14	80.74	88.96
(c) Loans and advances	14	91.92	125.20	45.91
(d) Current Tax Assets (Net)	15	148.28	139.72	126.21
(e) Other current assets	16	312.10	137.94	158.64
Total Current Assets		15,835.43	16,427.34	14,838.31
TOTAL ASSETS		20,845.31	21,987.21	18,065.53
(B) EQUITY AND LIABILITIES				
(1) EQUITY				
(a) Equity Share capital	17	258.42	258.42	258.42
(b) Other Equity	18	674.57	1,928.27	3,333.67
Equity attributable to shareholders of the Company		932.99	2,186.68	3,592.09
Non-controlling interests		0.02	0.09	—
Total Equity		933.01	2,186.77	3,592.09
(2) LIABILITIES				
(I) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	8,342.51	7,992.74	677.38
(ii) Others	20	183.55	7.60	352.94
(b) Provisions	21	110.25	—	—
(c) Deferred tax liabilities (Net)	22	132.60	296.52	488.77
(d) Other Non-Current Liabilities	23	461.35	456.54	0.18
Total Non Current Liabilities		9,230.26	8,753.40	1,519.27
(II) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	24	2,161.51	5,475.11	7,968.44
(ii) Trade payables	25	6,087.86	3,248.79	2,412.94
(iii) Others	26	878.62	1,383.25	471.06
(b) Other Current Liabilities	27	1,158.56	829.39	2,017.40
(c) Provisions	28	395.50	110.50	84.33
Total Current Liabilities		10,682.04	11,047.04	12,954.17
TOTAL EQUITY AND LIABILITIES		20,845.31	21,987.21	18,065.53
Corporate Information	1			
Significant accounting policies	2			
Notes forming part of the Financial Statement	35-52			

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

N. R. Mahalingam
Independent Director
DIN: 00035601

Divakar Kamath
President Corporate Affairs
& CFO

N. Santhanam
Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

CONSOLIDATED PROFIT AND LOSS STATEMENT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Note	2017-2018 Rs. in Lacs	2016-2017 Rs. in Lacs
INCOME			
Revenue from operations	29	35,580.17	26,609.58
Other Income	30	425.69	352.87
TOTAL INCOME		36,005.86	26,962.45
EXPENSES			
Purchase of Stock-in-Trade		24,408.40	16,644.73
Change in Inventories of Stock in Trade	31	533.31	1,471.86
Employee benefits expense	32	3,754.72	2,724.25
Finance costs	33	442.15	983.26
Depreciation expenses	3	573.39	339.67
Other expenses	34	7,503.32	6,315.18
TOTAL EXPENSES		37,215.29	28,478.95
Profit / (Loss) before exceptional items		(1,209.43)	(1,516.50)
Exceptional Items		—	—
Profit / (Loss) before tax		(1,209.43)	(1,516.50)
Tax expense :			
Current Tax		(191.33)	(60.91)
Deferred tax Asset/(Liability)		164.83	190.83
Excess Tax Provision for Earlier years		2.15	—
Profit /(Loss) for the period		(1,233.78)	(1,386.58)
Other Comprehensive Income/(loss) for the period :			
Items that will not be reclassified to profit or loss		—	—
(i) Re-measurements of the net defined benefit Plans		(54.75)	(16.40)
Total Other Comprehensive Income/(loss) for the period		(54.75)	(16.40)
Total Comprehensive Income/(loss) for the period		(1,288.53)	(1,402.98)
Net profit attributable to:			
Owners of the Holding Company		(1,233.72)	(1,386.56)
Non-controlling Interest		(0.06)	(0.02)
		(1,233.78)	(1,386.58)
Other Comprehensive Income/(loss) attributable to:			
Owners of the Holding Company		(54.74)	(16.40)
Non-controlling Interest		—	—
		(54.74)	(16.40)
Total Comprehensive Income/(loss) attributable to:			
Owners of the Holding Company		(1,288.46)	(1,402.96)
Non-controlling Interest		(0.06)	(0.02)
		(1,288.53)	(1,402.98)
Basic and Diluted Earnings per Equity share (In Rs)	48	(47.74)	(53.66)
Corporate Information	1		
Significant accounting policies	2		
Notes forming part of the Financial Statement	35-52		

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

N. R. Mahalingam
Independent Director
DIN: 00035601

Divakar Kamath
President Corporate Affairs
& CFO

N. Santhanam
Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2018

(A) EQUITY SHARE CAPITAL

Particulars	31 March 2018		31 March 2017	
	Number of Shares	Amount Rs. in Lacs	Number of Shares	Amount Rs. in Lacs
At the commencement of the year	2,584,160	258.42	2,584,160	258.42
Add: Shares issued during the year	—	—	—	—
At the end of the year	2,584,160	258.42	2,584,160	258.42

(B) OTHER EQUITY

Particulars	Reserves and surplus					Total attributable to equity shareholders
	Foreign Currency Translation Reserve	Retained Earnings	General Reserve	Capital Reserve	Export Profit Reserve	
(a) Balance at 1 April 2016	—	209.26	3,103.81	18.92	1.68	3,333.67
Profit for the year	—	(1,386.56)	—	—	—	(1,386.56)
Other comprehensive income for the year	—	(16.40)	—	—	—	(16.40)
Debit balance adjusted by transfer to General Reserve	—	1,193.70	(1,193.70)	—	—	—
(b) Total comprehensive income for the year	—	(209.26)	(1,193.70)	—	—	(1,402.96)
(c) Effect during the year	(2.44)	—	—	—	—	(2.44)
(d) Balance at 31 March 2017 (a+b+c)	(2.44)	—	1,910.11	18.92	1.68	1,928.27
Profit for the year	—	(1,233.72)	—	—	—	(1,233.72)
Other comprehensive income for the year	—	(54.74)	—	—	—	(54.74)
(e) Total comprehensive income for the year	—	(1,288.46)	—	—	—	(1,288.46)
(f) Effect during the year	34.77	1,288.46	(1,288.46)	—	—	34.77
(g) Balance at 31 March 2018 (d+e+f)	32.33	—	621.64	18.92	1.68	674.57

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
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For and on behalf of the Board of CRAVATEX LTD.

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Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

PARTICULARS	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs
A Cash flow from operating activities		
Net profit before tax	(1,209.43)	(1,516.50)
Adjustments for:		
Depreciation	573.39	339.67
Interest income	(46.68)	(1.01)
Rent Income	(215.88)	(253.04)
Gain on Investments	(15.66)	—
Dividend Income	(0.01)	(0.02)
Finance Cost	442.15	983.26
Current Year gain on translation of currencies	35.69	(3.75)
Operating profit before working capital changes	(436.43)	(451.39)
Adjustments for:		
(Increase)/Decrease in Trade Receivables	(4,224.97)	1,958.17
(Increase)/Decrease in Inventories	533.31	1,471.86
(Increase)/Decrease in Loans & Advances	33.28	(79.28)
(Increase)/Decrease in Other Assets	(143.81)	27.59
Increase/(Decrease) in Trade Payable	2,839.06	835.86
Increase/(Decrease) in Other Liabilities	5.28	(164.81)
Increase/(Decrease) in provisions	340.51	9.77
Cash generated from operations	(1,053.77)	3,607.77
Direct taxes Refund/(paid)	(197.73)	(74.42)
Net cash from operating activities	(1,251.51)	3,533.35
B Cash flow from investing activities		
Sale/(Purchase) to Fixed assets	(60.17)	(2,193.49)
Sale/(Purchase) of investments	(558.60)	(477.53)
Gain on Investments	15.66	—
Other Bank Balances	(106.36)	(0.67)
Dividend Income	0.01	0.02
Rent Income	215.87	253.04
Interest received	46.68	1.01
Net cash from / (used in) investing activities	(446.91)	(2,417.62)
C Cash flow from financing activities		
Proceeds from Long-term Borrowings	349.76	6,415.10
Repayment of Short-term Borrowings	(3,313.60)	(1,593.07)
Interest Paid	(442.15)	(983.26)
Net cash from / (used in) financing activities	(3,405.99)	3,838.76
D Net cash flows during the year (A+B+C)	(5,104.41)	4,954.50
Cash and cash equivalents (opening balance)	5,668.71	714.21
Cash and cash equivalents (closing balance)	564.30	5,668.71

Note: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (IND AS) 7 – "Statement of Cash Flows"

As per our report of even date

For **GPS & ASSOCIATES**
Chartered Accountants
Firm Registration No. 121344W

H.Y. Gurjar
Partner
Membership No. 032485

Place : Mumbai
Dated : May 25, 2018

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

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Independent Director
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President Corporate Affairs
& CFO

N. Santhanam
Independent Director
DIN: 00027724

Sudhanshu Namdeo
Company Secretary
Membership No.: A17132

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 — COMPANY OVERVIEW

Cravatex Limited (“the Company”) incorporated on 22nd June, 1951 under the Companies Act, 1913 (“the Act”) is a public limited BSE listed Company, incorporated and domiciled in India. The Company is a subsidiary of holding company, R.B. Fitness and Trading Private Limited incorporated and domiciled in India. Cravatex Limited is the Holding Company of two subsidiaries viz. BB (UK) London (BBUK) and Cravatex Brands Ltd Mumbai (CBL). The Company along with its subsidiaries is engaged in the business of Branded sports goods, wellness and fitness equipment with servicing.

NOTE 2(A) — SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value amount:

- I. Certain financial assets and liabilities (including derivative instruments),
- II. Defined benefit plan's - plan assets and
- III. Equity settled share based payments

The consolidated financial statements of the Group have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Up to the year ended March 31, 2017, the Group has prepared its consolidated financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as “Previous GAAP”.

These consolidated financial statements are the Group's first Ind AS consolidated financial statements. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III. The Company's consolidated financial statements are presented in Indian Rupees.

NOTE 2(B): PRINCIPLES OF CONSOLIDATION

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

- I. The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items
- II. Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- III. In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- IV. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- V. The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
- VI. Non-Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- VII. Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

NOTE 2(C): OTHER SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(a) Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended on March,31 2018 (Rs. in Lacs)

Description	Building	Spa/Fitness Equipment	Air-conditioning Plant & Units	Furniture, Fixtures & Fittings	Motor Vehicles	Electrical Fittings	Office Equipment	Leasehold Improvement	Computers	Total
Gross carrying value (at deemed cost)										
Balance as at 1 April 2016	1,056.49	175.82	116.87	637.29	38.80	129.59	302.31	77.37	—	2,534.53
Transfer to Investment Property	(1,036.71)	—	—	—	—	—	—	—	—	(1,036.71)
Additions	—	—	0.19	25.15	—	2.61	17.76	35.58	—	81.28
Deletions / discarded / adjustments	(1.81)	—	—	(3.80)	—	—	(1.72)	—	—	(7.32)
Balance as at 31 March 2017	17.97	175.82	117.06	658.64	38.80	132.19	318.35	112.96	—	1,571.78
Additions	—	—	0.34	15.59	5.41	—	4.04	—	11.62	36.99
Deletions / discarded / adjustments	1.16	—	(0.14)	3.25	(6.93)	—	(0.37)	—	—	(3.03)
At 31 March 2018	19.13	175.82	117.25	677.47	37.28	132.19	322.03	112.96	11.62	1,605.74
Accumulated depreciation										
As at 1 April 2016	316.00	148.06	49.59	354.47	25.05	51.34	248.24	30.43	—	1,223.18
Transfer to Investment Property	(315.01)	—	—	—	—	—	—	—	—	(315.01)
Charge for the year	2.50	6.98	7.52	47.90	3.24	13.19	22.28	19.55	—	123.17
Deletions/Adjustments	—	—	—	—	—	—	—	—	—	—
Balance as at 31 March 2017	3.49	155.04	57.11	402.37	28.30	64.53	270.52	49.99	—	1,031.33
Charge for the year	2.44	6.98	7.38	80.12	4.18	20.20	16.24	14.60	7.64	159.78
Deletions / discarded / adjustments	(0.22)	—	—	1.45	(5.28)	—	—	—	—	(4.05)
At 31 March 2018	5.70	162.02	64.49	483.94	27.20	84.73	286.76	64.59	7.64	1,187.07
Net carrying amount										
As at 1 April 2016	740.49	27.76	67.28	282.82	13.74	78.25	54.07	46.94	—	1,311.36
As at 31 March 2017	14.48	20.78	59.95	256.27	10.50	67.66	47.83	62.97	—	540.45
As at 31 March 2018	13.42	13.80	52.76	193.53	10.08	47.46	35.27	48.37	3.98	418.67

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(b) Investment Property

Following are the changes in the carrying value of Investment Property for the year ended on March,31 2018

(Rs. in Lacs)

Description	Building	Total
Gross carrying value (at deemed cost)		
Balance as at 1 April 2016		
Transferred from PPE	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	—	—
Balance as at 31 March 2017	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	—	—
At 31 March 2018	1,036.71	1,036.71
Accumulated depreciation		
As at 1 April 2016	—	—
Transferred from PPE	315.01	315.01
Charge for the year	16.40	16.40
Deletions/Adjustments	—	—
Balance as at 31 March 2017	331.41	331.41
Charge for the year	16.30	16.30
Deletions	—	—
At 31 March 2018	347.71	347.71
Net carrying amount		
As at 1 April 2016	—	—
As at 31 March 2017 (Fair Market Value Rs.6,153.71 Lacs)	705.30	705.30
As at 31 March 2018 (Fair Market Value Rs.6,159.59 Lacs)	689.00	689.00

The fair value of investment property has been determined having reference to the market values as prescribed under the ready reckoner published by a competent authority, as the company believes that the current market price of similar properties in the vicinity is the best evidence of the fair value of such investment property.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(c) Other Intangible assets

Following are the changes in the carrying value of other Intangible assets for the year ended 31 March 2018

(Rs. in Lacs)

Description	Licenses & Franchise	Sublicense	Software	Web site	Total
Gross carrying value (at deemed cost)					
Balance as at 1 April 2016	363.51	1,831.89	192.00	23.67	2,411.07
Additions	1,043.82	1,779.45	0.95	—	2,824.22
Deletions / discarded / adjustments	—	—	1.72	(1.11)	0.61
Balance as at 31 March 2017	1,407.33	3,611.33	194.66	22.57	5,235.90
Additions	—	—	5.63	—	5.63
Deletions / discarded / adjustments	—	—	—	0.23	0.23
At 31 March 2018	1,407.33	3,611.33	200.30	22.80	5,241.76
Accumulated depreciation					
As at 1 April 2016	345.33	574.41	35.79	14.23	969.77
Charge for the year	2.21	174.89	18.66	4.34	200.10
Deletions/Adjustments	—	—	—	—	—
Balance as at 31 March 2017	347.55	749.30	54.46	18.57	1,169.87
Charge for the year	373.35	—	19.73	4.23	397.31
Deletions	—	—	—	—	—
At 31 March 2018	720.90	749.30	74.19	22.80	1,567.18
Net carrying amount					
As at 1 April 2016	18.18	1,257.47	156.21	9.44	1,441.30
As at 31 March 2017	1,059.79	2,862.03	140.21	4.00	4,066.02
As at 31 March 2018	686.44	2,862.03	126.11	0.00	3,674.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 4 — NON CURRENT INVESTMENTS			
In Government Securities (At Cost)	—	0.23	0.23
In National Saving 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)			
Total	<u>—</u>	<u>0.23</u>	<u>0.23</u>
NOTE 5 — NON CURRENT LOANS			
(Unsecured, Considered Good)			
Security Deposits	159.12	167.76	434.61
Deferred Expenses	15.47	39.37	—
Total	<u>174.59</u>	<u>207.13</u>	<u>434.61</u>
NOTE 6 — OTHER NON-CURRENT FINANCIAL ASSETS			
Fixed Deposits with banks	27.20	27.20	26.22
Total	<u>27.20</u>	<u>27.20</u>	<u>26.22</u>
NOTE 7 — OTHER NON-CURRENT ASSETS			
(Unsecured, Considered Good)			
Other Loans and Advances	25.85	13.54	13.50
Total	<u>25.85</u>	<u>13.54</u>	<u>13.50</u>
NOTE 8 — INVENTORIES			
Stock-in-Trade	3,445.86	3,944.81	5,375.29
Stores and Spares (valued at lower of cost and net realisable value)	181.94	216.30	257.68
Total	<u>3,627.80</u>	<u>4,161.11</u>	<u>5,632.97</u>
NOTE 9 — CURRENT INVESTMENTS			
Investment measured at fair value through profit and loss			
Investment in Mutual Funds (unquoted)	607.66	—	—
Total	<u>607.66</u>	<u>—</u>	<u>—</u>
NOTE 10 — TRADE RECEIVABLES			
Unsecured, considered good	10,326.67	6,101.70	8,059.86
Total	<u>10,326.67</u>	<u>6,101.70</u>	<u>8,059.86</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 11 — CASH AND BANK BALANCES			
(A) Cash & Cash Equivalents			
(a) Balances with banks:			
Current accounts	558.67	5,562.83	686.58
(b) Cheques, drafts on hand	—	99.25	20.20
(c) Cash in hand	5.63	6.63	7.43
Total	564.30	5,668.71	714.21
NOTE 12 — BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Fixed Deposit of original maturity of more than 3 Months but within 12 months	110.09	1.47	—
Unpaid Dividend	8.49	10.75	10.80
Earmarked Deposits	—	—	0.75
Total	118.58	12.22	11.55
NOTE 13 — OTHER CURRENT FINANCIAL ASSETS			
Receivable from GST authorities	3.14	—	—
Interest accrued	—	0.03	0.04
Accrued Dividend receivable	—	0.30	0.29
Rent receivable	—	2.76	—
Insurance Claim Receivable	—	—	10.93
Staff Advance	—	0.15	0.20
Other Loans and Advances	35.00	77.50	77.50
Total	38.14	80.74	88.96
NOTE 14 — CURRENT LOANS & ADVANCES			
(Unsecured, considered good)			
Deposits	65.12	82.91	—
Advance to Related Party	14.53	23.91	—
Employee advances	1.12	2.99	—
Deferred Lease Expenses (Deposit Given)	11.15	15.39	—
Others	—	—	45.91
Total	91.92	125.20	45.91
NOTE 15 — CURRENT TAX ASSETS			
(Unsecured, considered good)			
Current Tax Assets	148.28	139.72	126.21
Total	148.28	139.72	126.21

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 16 — OTHER CURRENT ASSETS			
(Unsecured, considered good)			
Advance to vendors	76.02	35.15	—
Prepaid expenses	232.21	95.81	100.17
Advance to Custom Authority	3.78	—	5.33
Duty Drawback	—	—	0.28
Advance to others	0.09	6.98	52.86
Total	312.10	137.94	158.64

Particulars	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	Number of Shares	Amount Rs. in Lacs	Number of Shares	Amount Rs. in Lacs	Number of Shares	Amount Rs. in Lacs
NOTE 17 — EQUITY SHARE CAPITAL						
Authorised						
Equity Share of Rs. 10/- each	4,850,000	485.00	4,850,000	485.00	4,850,000	485.00
Preference Shares of Rs. 10 each	10,150,000	1,015.00	10,150,000	1,015.00	—	—
Preference Shares of Rs. 100 each	—	—	—	—	15,000	15.00
Total	15,000,000	1,500.00	15,000,000	1,500.00	4,865,000	500.00
Issued, Subscribed and fully paid up:						
Equity Share of Rs. 10/- each	2,584,160	258.42	2,584,160	258.42	2,584,160	258.42
Total	2,584,160	258.42	2,584,160	258.42	2,584,160	258.42

Notes:

1) Reconciliation of Number of Shares:

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of Shares	Amount Rs. in Lacs	Number of Shares	Amount Rs. in Lacs
Shares outstanding at the beginning of the year	2,584,160	258.42	2,584,160	258.42
Shares Issued during the year	—	—	—	—
Shares outstanding at the end of the year	2,584,160	258.42	2,584,160	258.42

2) The details of the Shareholders holding more than 5%

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
1) R. B. Fitness & Trading Pvt. Ltd.	1,921,570	1,921,570	1,921,570
No. of shares	74.36%	74.36%	74.36%
% held			

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

3) 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.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 18 — OTHER EQUITY			
Capital Reserve	18.92	18.92	18.92
Foreign Currency Translation Reserve	32.33	(2.44)	—
General reserve	621.64	1,910.11	3,103.81
Export Profit Reserve	1.68	1.68	1.68
Retained Earnings	—	—	209.26
Total	674.57	1,928.27	3,333.67

Description of nature and purpose of each reserve

Capital Reserve

Capital reserve represents amount received from Government of Karnataka.

Foreign Currency translation reserve

For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange difference which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies.

General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer.

Export Profit Reserve

Export profit reserve represents the amount earned from export sales and is to be utilised for the purpose of exports.

Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 19 — NON CURRENT FINANCIAL BORROWINGS			
(a) Secured			
Term Loans from Bank	128.77	—	677.38
(b) Unsecured			
90,00,000 (2017- 90,00,000; 2016-NIL), 4% Non-convertible Cumulative Redeemable Preference shares of Rs.10 each	543.74	492.74	—
18,00,000 (2017- 18,00,000; 2016-NIL) Optionally Convertible Debentures (OCD)	1,840.00	1,800.00	—
57,00,000 (2017- 57,00,000; 2016-NIL) 0.01% Compulsory Convertible Preference Shares (CCPS)	5,830.00	5,700.00	—
Total	8,342.51	7,992.74	677.38

NOTES:

Term Loan from Bank:

(1) HDFC Bank Ltd - Rs.128.77 Lacs (2017- NIL; 2016-NIL)

Secured by first charge on the lease rentals from Company's property at Nariman point, Mumbai and mortgage extended over the company's property at Nariman point, Mumbai.

Rate of interest is 11.25% p.a. (linked to 1 year MCLR)

Repayable in 34 monthly installment starting from July 2017 with last installment payable on April 2020

(2) Axis Bank Ltd. -Rs. NIL (2017- NIL; 2016-Rs.677.38 Lacs)

Secured by first charge on the lease rentals from Company's property at Nariman point, Mumbai and mortgage extended over the company's property at Prabhadevi, Mumbai.

Rate of interest is base rate plus 2.75%

Repayable in 66 monthly installment.

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

The Company has issued 4% Non-convertible redeemable preference share having a face value of Rs.10/- per each redeemable after a period of 20 years. Preference shareholders shall rank for dividend in priority to the equity shares. The Preference shareholder shall be eligible for 4% fixed cumulative preferential dividend.

Terms of Optionally Convertible Debentures(OCD):

- The Company has issued following Unsecured Optionally Convertible Debentures. Debentures are allotted on 27 March, 2017.
- The OCDs shall be convertible to any time at the option of the holder into such number of fully paid Shares (Base Number) as represents the proportion of the equity share capital of the Company (on a Fully Diluted Basis, post conversion of the CCPS and OCDs) obtained by dividing Rs. 1,800 lacs by the Adjusted Post Money Valuation.
- Under all circumstances, the aggregate number of Shares into which the OCD shall convert shall not exceed 16,79,799 Equity Shares.
- The OCDs shall be converted at any time at the option of the Investor.
- The OCD has been fair valued through profit and loss using Black and Scholes Model - Option Pricing Method at Rs. 1,840 lacs (31 March 2017 - Rs. 1,800 lacs) (refer note 42)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Terms of 0.001% Compulsory Convertible Preference shares of Rs.100 each (CCPS):

- The Company has only one class of Preference shares i.e. Compulsory convertible preference share having a face value of Rs.100/- per each.
- The CCPS shall be convertible into Equity Shares at any time at the option of their holder.
- The CCPS shall convert into Equity Shares of the Company as follows:
- Unless otherwise provided hereunder the CCPS shall convert into the number of Equity Shares (Base Common Shares) which represents the proportion of the share capital of the Company (on a Fully Diluted Basis, post conversion of CCPS and OCDs) obtained by dividing Rs. 5,700 lacs by Adjusted Post Money Valuation;
- Under all circumstances, the aggregate number of Shares into which the CCPS shall convert shall not exceed 53,19,364 Equity Shares.
- The CCPS has been fair valued through profit and loss using Black and Scholes Model - Option Pricing Method at Rs. 5,830 lacs (31 March 2017 - Rs. 5,700 lacs) (refer note 42)

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 20 — OTHER NON-CURRENT FINANCIAL LIABILITIES			
Security deposits Received	183.55	7.60	352.94
Total	183.55	7.60	352.94
NOTE 21 — NON-CURRENT PROVISIONS			
Provision for employee benefits:			
Gratuity	54.57	—	—
Compensated absences	55.68	—	—
Total	110.25	—	—
NOTE 22 — DEFERRED TAX LIABILITIES (NET)			
Deferred tax liabilities :			
Depreciation on fixed assets	440.98	366.43	567.40
Others	6.92	4.09	—
Deferred tax assets :			
MAT Credit	74.00	74.00	74.00
Disallowances under section 43B	17.84	—	4.63
Disallowances under section 40(a)(ia)	54.33	—	—
Brought forward Losses	169.13	—	—
Total	132.60	296.52	488.77
NOTE 23 — OTHER NON-CURRENT LIABILITIES			
Security deposits	93.75	83.75	—
Deferred Income	367.60	372.79	0.18
Total	461.35	456.54	0.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 24 — CURRENT FINANCIAL BORROWINGS			
From Banks (refer note below)	1,875.71	5,074.76	7,068.19
From Related Parties	150.00	125.00	888.25
From Other Parties	—	—	12.00
Current maturities of long-term borrowing	135.80	275.35	—
Total	2,161.51	5,475.11	7,968.44

NOTES:

Secured

The Overdraft and Working Capital Demand Loan facilities taken by the Company are availed from HDFC Bank and Axis Bank and have been secured by:

I) First *pari-passu* charge as follows:

- 1) by way of hypothecation on entire current assets of the Company including stock and book debts, present and future.
- 2) by way of equitable mortgage of 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 on commercial Office located at 4th Floor Sahas, Prabhadevi, Mumbai of Cravatex Limited & first charge on the lease rentals from Company's property at Nariman point, Mumbai.

The above borrowings carry a rate of interest ranging between 8% to 11.5%.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 25 — TRADE PAYABLE			
Trade payables	6,087.86	3,248.79	2,412.94
Total	6,087.86	3,248.79	2,412.94
NOTE 26 — OTHER CURRENT FINANCIAL LIABILITIES			
Security deposits Received	—	252.83	—
Employee benefits payable	239.78	33.01	—
Forward contract payable	11.40	—	—
Other liabilities	569.88	1,022.63	460.28
Unpaid Dividend	8.49	10.75	10.78
Interest accrued but not due	49.07	64.03	—
Total	878.62	1,383.25	471.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 27 — OTHER CURRENT LIABILITIES			
Advances received against supplies and services	212.12	372.54	216.33
Unearned revenue	549.72	230.46	—
Statutory Dues	360.09	205.50	1,779.21
Deferred Income	36.63	20.89	21.86
Total	1,158.56	829.39	2,017.40
NOTE 28 — CURRENT PROVISIONS			
Gratuity	55.49	54.21	47.51
Compensated absences	12.93	0.13	—
Provision for Sales Return	93.50	—	—
Provision for warranty	27.79	—	—
Provision for tax	205.79	56.16	36.82
Total	395.50	110.50	84.33
NOTE 29 — REVENUE FROM OPERATIONS			
Sale of products	35,060.30		26,121.25
Sale of services	356.69		487.55
Other operating income	163.18		0.78
Total	35,580.17		26,609.58
NOTE 30 — OTHER INCOME			
Interest Income	46.68		1.01
Dividend Income	0.01		0.02
License fees (Rental income)	215.88		253.04
Profit on sale of investments	45.30		—
Fair value gain on investments	15.66		—
Foreign exchange fluctuation (Net)	51.02		38.65
Miscellaneous Income	51.14		60.15
Total	425.69		352.87
NOTE 31 — REVENUE FROM OPERATIONS			
Particulars	As at 31st March 2018 Rs. in Lacs		For the year 31st March 2017 Rs. in Lacs
Sale of products	35,060.30		26,121.25
Sale of services	356.69		487.55
Other operating income	163.18		0.78
Total	35,580.17		26,609.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	For the year 31st March 2017 Rs. in Lacs
NOTE 31 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE		
Opening stock		
Stock-in-trade	3,944.81	5,375.29
Stores and spares	216.30	257.68
Closing stock		
Stock-in-trade	(3,445.86)	(3,944.81)
Stores and spares	(181.93)	(216.30)
Increase/(decrease) in stock	533.31	1,471.86
NOTE 32 — EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,606.42	2,574.60
Contributions to:	—	—
Provident, Family Pension and other Funds	94.56	101.19
Employees State Insurance Scheme	4.92	3.76
Superannuation Scheme	—	7.82
Staff welfare expenses	48.82	36.88
Total	3,754.72	2,724.25
NOTE 33 — FINANCE COST		
Interest expense	398.40	847.65
Other Borrowing cost	43.75	135.61
Total	442.15	983.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	For the year 31st March 2017 Rs. in Lacs
NOTE 34 — OTHER EXPENSES		
Stores, spares and packing materials consumed	25.17	24.91
Electricity charges	60.69	81.58
Warehouse expenses	196.56	326.78
Rent	695.46	800.69
Insurance	59.50	46.68
Rates and taxes	57.55	121.10
Printing and stationery	33.84	41.29
Communication expenses	88.47	86.07
Repairs and maintenance	123.22	83.51
Advertisement and publicity	1,458.24	1,041.93
Sublicence fees	1,228.57	1,080.66
Travelling and conveyance	524.19	501.33
Commission and brokerage	442.67	120.32
Transportation and octroi charges	295.58	411.12
Legal and Professional Charges	1,189.00	1,024.06
Bank Charges not related to borrowings	58.86	83.38
MTM loss on forward contracts	11.40	—
Warranty expenses	27.79	—
Directors fees	9.14	12.41
Fair Valuation of Debt Instruments	170.00	—
Payment to auditors	32.20	18.09
Bad Debts	44.50	3.79
Other expenses	670.72	405.48
Total	7,503.32	6,315.18

Sr. No. Particulars	Reference No.	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs
NOTE 35 — CONTINGENT LIABILITIES (to the extent not provided for)			
A. Claims against the Company not acknowledged as debt :			
1) Labour Claim	1	1.75	1.75
B. Other money for which the Company is contingently liable			
1) Demands under Wealth Tax Act	2	51.25	51.25
2) Demands under Income Tax Act	3, 4 & 5	25.43	25.17
3) Demands under Customs Act	6 & 7	133.50	133.50
4) Others	8	43.06	38.32
Total		254.99	249.99

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Notes:

- 1 Labour claim of an earlier year disputed by the Company against which Rs.1,75,000 (2017-Rs.1,75,000) has been deposited with The High Court, Mumbai.
- 2 Demands for Wealth Tax for the assessment years 1997-98 & 1998-99 amounting to Rs.51,25,378 (2017-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.
- 3 For the assessment years 2000-2001, 2002-2003 and 2003-2004 the Income-tax Appellate Tribunal had given relief of Rs.8,74,254 (2017-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.
- 4 The tax authorities had raised a demand for the assessment year 2013-14 u/s 143 (3) for Rs.16,43,120 (2017-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.
- 5 The tax authorities had raised a demand of Rs.25,163 (2017-NIL) for the assessment year 2011-12 as per order u/s 201(1)/(1A) dtd.29.03.2018 on account of short deduction of TDS & interest thereon. The company has disputed this demand and has filed an appeal with the Commissioner (Appeals) of Income- tax Mumbai against this demand.
- 6 Demand of Rs.13,50,000 (2017-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.
- 7 Bond for Rs.1.20 crores 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.
- 8 Demand of Rs.43,06,399 (PY 38,31,386) was raised in an earlier year 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 company has paid Rs.17,35,297 so far to the Society under protest. However net liability of the Company against this demand is Rs.25,71,102.

NOTE 36 — OTHER COMMITMENTS

- a. An amount of Rs.40,00,000 (2017-Rs.40,00,000) was due from a third party in terms of Settlement Agreement with this party as a Consultant. During the year an amount of Rs.5,00,000 has been recovered under the said Settlement Agreement with the party. In spite of all assurances given to the company by this party for clearing the balance debt of RS.35,00,000, the party has not yet paid any amount. A legal case is being filed against the party for recovery of balance debt.
- b. The company has issued corporate guarantees to the extent of Rs.104 lacs (31 March 2017 - Rs.165 lacs)
- c. Letter of credit outstanding to the extent of Rs.1,722 lacs (31 March 2017 - Rs.1,541 lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	For the year 31st March 2018 Rs. in Lacs	Year ended 31st March 2017 Rs. in Lacs
NOTE 37 — INCOME TAXES		
A. Components of Income Tax Expense:		
(i) Tax expense recognised in profit and loss		
Current tax		
Current tax	(191.33)	(60.91)
Excess Tax Provision for Earlier years	2.15	—
Deferred Tax (net)		
Deferred tax credit / (charge)	164.83	190.83
Tax expense for the year	(24.35)	129.92
Particulars	Year ended 31st March 2018 Rs. in Lacs	Year ended 31st March 2017 Rs. in Lacs
B. Reconciliation of Effective Tax Rate:		
Profit before tax	(1,209.43)	(1,516.50)
Applicable Tax Rate	30.90%	30.90%
Income tax expense calculated at above rate	—	—
Tax effect of profit arising to subsidiary company	(191.33)	(60.91)
Effect of deductible / non-deductible expense	164.83	190.83
Adjustments for current tax of prior period	2.15	—
Income tax expense recognised in profit and loss	(24.35)	129.92

NOTE 38 — MICRO AND SMALL ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	—	—
Amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	—	—
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	—	—
Amount of interest accrued and remaining unpaid at the end of the accounting year	—	—

There is no principal amount and interest overdue to Micro and Small Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 39 — EMPLOYEE BENEFITS

a. Defined Benefit Plans:

Gratuity:

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company for payment of gratuity.

Inherent Risk on above:

The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

Particulars	For the year 31st March 2018 Gratuity Rs. in Lacs	For the year 31st March 2017 Gratuity Rs. in Lacs
(i) Change in Defined Benefit Obligation		
Balance at the beginning of the year	218.83	208.28
Adjustment of:		
Current Service Cost	44.39	22.32
Liability transferred in/(out)	—	—
Past Service cost	18.13	—
Interest Cost	23.59	15.62
Actuarial (gains)/losses recognised in "Other Comprehensive Income:		
— Change in Financial Assumptions	(15.16)	—
— Change in Demographic Assumptions	—	—
— Experience Changes	68.64	17.45
Benefits Paid	(98.75)	(44.84)
Balance at the end of the year	259.67	218.83
(ii) Change in Fair value of assets		
Balance at the beginning of the year	164.62	155.95
Assets transferred in/(out)	—	—
Expected Return on Plan Assets excluding interest income	(1.26)	—
Interest Income	23.59	11.70
Re-measurements due to:		
Actual Return on Plan Assets less "interest on Plan Assets	—	2.67
Employer contributions	61.41	39.14
Benefits payments from plan assets	(98.75)	(44.84)
Balance at the end of the year	149.61	164.62
(iii) Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(259.67)	(218.83)
Fair Value of Plan Assets	149.61	164.62
Net Asset / (Liability) in the Balance Sheet	(110.06)	(54.21)
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	44.39	22.32
Net Interest Cost	(0.00)	3.92
Past Service Cost	18.13	—
Amount charged to the Statement of Profit and Loss	62.53	26.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	For the year 31st March 2018 Rs. in Lacs	Year ended 31st March 2017 Rs. in Lacs
(v) Re-measurements recognized in Other Comprehensive Income (OCI):		
Changes in Financial Assumptions	(15.16)	—
Changes in Demographic Assumptions	—	—
Experience Adjustments	68.64	17.45
Actual return on Plan assets less interest on plan assets	1.26	(2.67)
Amount recognized in Other Comprehensive Income(OCI)	54.75	14.78
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	35.54	25.49
Between 1 and 5 years	99.28	53.29
Between 6 and 10 years	104.98	51.85
11 Years and above	267.56	332.71
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	25.21	218.20
1% increase in discount rate	(15.88)	(193.86)
1% decrease in discount rate	18.14	192.01
1% increase in salary escalation rate	17.96	192.31
1% decrease in salary escalation rate	(16.11)	(193.73)
1% increase in employee turnover rate	2.05	192.86
1% decrease in employee turnover rate	(2.34)	(193.13)
The major categories of plan assets as a percentage of total plan:		
Insurer Managed Funds	267.84	165.25
Actuarial Assumptions:		
Discount Rate (p.a.)	7.61%	7.16%
Expected Return on Plan Assets (p.a.)	7.61%	7.16%
Turnover Rate	20% and 7%	2.00%
Mortality tables	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate (p.a.)	6.00%	6.00%
Retirement age	60 and 65	60 and 65
Weighted Average duration of Defined benefit obligation (years)	8	8

* The Sensitivity Analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Basis used to determine Expected Rate of Return on Plan Assets: The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary Escalation Rate: The past experience and industry practice considering promotion and demand and supply of employees.

Asset Liability matching strategy: The money contributed by the Company to the Gratuity fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to an insurance Company. The insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

There is no compulsion on the part of the Company to fully prefund the liability of the Plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

This Note of defined benefit plan includes disclosures of liabilities pertaining to Holding Company & its Indian Subsidiary

b. Defined Contribution Plans:

Amount recognized as an expense and included in Note 32 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is:

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
Provident, Family Pension and other Funds	94.56	101.19
Employees State Insurance Scheme	4.92	3.77
Superannuation Scheme	—	7.82
Total	99.48	112.78

Compensated Absences:

The liability towards compensated absences for the year ended 31 March 2018 is based on actuarial valuation carried out by using Projected Accrued Benefit Method amounting to Rs. 68 lacs (31 March 2017 - Rs. Nil).

a. Financial assumptions:

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
Discount Rate (p.a.)	7.71%	—
Salary Escalation Rate (p.a.)	6.00%	—

b. Demographic assumptions:

Mortality tables	Indian Assured Lives Mortality (2006-08)	—
Turnover Rate	20% and 7%	—
Leave Availment ratio	2%	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 40 — RELATED PARTY DISCLOSURES

Name of Related Parties

Nature of Relationship

(A) List of Parties Exercising Control:

R.B Fitness & Trading Private Limited

Holding Company

(B) List of Related Parties where control exists:

Proline India Limited

Proline Exports Private Limited

Crav Apparels Private Limited

Rudy and Sons

Enterprises over which Directors are able to exercise significant influence

(C) Key Management Personnel:

Mr. Rajesh Batra

Chairman & Managing Director

Mr. Rohan Batra

Managing Director of Subsidiary Company

Mr. Divakar Kamath

President Corporate Affairs & Chief Financial Officer

Mr. Rupesh Nambiar

Chief Financial Officer {upto 15.12.2017} of Subsidiary Company

Mr. Rajiv Batra

Non Executive Director

Mr. N.R.Mahalingam

Independent Director

Mr. Arjun Bulchandani

Independent Director (Up to 07.11.2016)

Mr. H.K.Vakharia

Independent Director

Mr. S.D.Israni

Independent Director

Mr. Nabankur Gupta

Non Executive Director

Mr. N. Santhanam

Independent Director

Ms. Pheroza Jimmy Bilimoria

Independent Director

Ms. Rupa Vora

Director of Subsidiary Company

Mr. N. Santhanam

Director of Subsidiary Company

Mr. Sumit Nindrajog

Director of Subsidiary Company

Mr. Niten Lalpuria

Director of Subsidiary Company

Mr. Anuj Rakhyan

Director of Subsidiary Company

Mr. P. Rudran

Director of Subsidiary Company

Mr. Sudhanshu Namdeo

Company Secretary

Ms. Apurva Parulekar

Company Secretary of Subsidiary Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
(D) The following transactions were carried out with the related parties in the ordinary course of business:		
Interest Expenses		
Proline Exports Private Limited	33.74	1.93
Crav Apparels Pvt. Ltd.	1.79	12.55
Commission Income		
Proline India Limited	24.51	48.53
Commission Expenses		
Proline India Limited	15.30	23.40
Service Charges Received on SAP		
Proline India Ltd	14.70	14.58
Purchase of stock in trade		
Crav Apparels Private Limited	71.93	—
Proline Exports Pvt. Ltd	—	4.18
Purchase of DEPB licence		
Crav Apparels Private Limited	13.29	—
Inter-Corporate Deposit taken		
Proline Exports Private Limited	375.00	100.00
Crav Apparels Private Limited	—	500.00
Inter-Corporate Deposit repaid		
Proline Exports Private Limited	325.00	675.00
Crav Apparels Private Limited	25.00	475.00
Fees, expenses and subsistence		
Rudy & Company	86.71	84.10
Director Sitting Fees		
Mr. Rajiv Batra	0.20	0.20
Ms. Rupa Vora	1.40	—
Mr. N Santhanam	2.10	1.80
Mr. Anuj Rakhyan	0.10	—
Mr. Arjun Bulchandani	—	0.40
Mr. H.K. Vakharia	0.70	0.60
Mr. N. R. Mahalingam	1.40	2.20
Dr. S. D. Israni	1.40	2.20
Ms. Pheroza Jimmy Bilimoria	0.70	1.30
Mr. Nabankur Gupta	0.90	2.10
Remuneration		
Mr. Rajesh Batra	7.79	23.89
Mr. Rajiv Batra	421.62	82.96
Mr. Rohan Batra	69.17	0.61
Mr. Divakar Kamath	21.77	31.44
Mr. Rupesh Nambiar	25.25	—
Mr. Sudhanshu Namdeo	20.35	21.08
Ms. Apurva Parulekar	2.22	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
NOTES — Contd.

Particulars	31st March 2018 Rs. in Lacs	31st March 2017 Rs. in Lacs
(E) Outstanding balances:		
Inter-Corporate Deposit Payable		
— Proline Exports Pvt. Ltd	150.00	100.00
— Crav Apparels Pvt. Ltd.	—	25.00
Trade Payables		
— Proline Exports Pvt. Ltd.	3.33	3.43
— Proline India Limited	0.41	—
— Crav Apparels Private Limited	17.45	—
(F) Compensation of Key Management Personnel of the Company:		
Short Term Employee Benefits	456.89	156.55
Other Long Terms Benefits	111.28	3.43
Total Compensation	568.17	159.98

Terms and condition of transaction with related parties:

All related party transactions entered during the year are in ordinary course of the business and are on arm's length basis.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
NOTE 41 — FINANCIAL INSTRUMENTS			
a. Classification of Financial Assets and Liabilities:			
Financial assets at Amortized cost:			
Investments (Non Current)	—	0.23	0.23
Loans (Non Current)	174.59	207.13	434.61
Trade Receivables	10,326.67	6,101.70	8,059.86
Cash and Cash Equivalents	564.30	5,668.71	714.21
Other Bank Balances	118.58	12.22	11.55
Other Non Current Financial Assets	27.20	27.20	26.22
Other Current Financial Assets	38.14	80.74	88.96
Financial assets at Fair Value through P&L:			
Investment (Current)	607.66	—	—
Total	11,857.14	12,097.93	9,335.64

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
Financial liabilities at Amortized cost:			
Trade Payables	6,087.86	3,248.79	2,412.94
Cash Credits/Working Capital Borrowings	2,161.51	5,475.11	7,968.44
Other Current Financial Liabilities	878.62	1,383.25	471.06
Non-Current Borrowings	117.37	—	677.38
Other Non Current Financial Liabilities	183.55	7.60	352.94
90,00,000, 4% Non -convertible Cumulative Redeemable Preference Shares - Level 3	543.74	492.74	492.74
Financial liabilities at FVTPL:			
Borrowings – Non-current	7,670.00	7,500.00	—
Derivative liabilities	11.40	—	—
Total	17,654.04	18,107.49	12,375.50

Carrying amount of Investment, Trade Receivables, Cash and Cash Equivalent, Bank balances, Other financial Assets, Trade payables and Other financial liabilities as at 31st March, 2018, 31st March, 2017 and 1st April, 2016 approximate the Fair Value because of their short term nature. Difference between carrying amount and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant each of year presented.

NOTE 42 — FAIR VALUE MEASUREMENT

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorizes the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
Financial Asset at Fair Value through profit or loss:			
Current Investments – Level 1	607.66	—	—
Total	607.66	—	—
Financial Liabilities at Fair Value through profit or loss:			
Optionally Convertible Debentures (OCD) - Level 3	1,840.00	1,800.00	—
Compulsory Convertible Preference Shares (CCPS) - Level 3	5,830.00	5,700.00	—
Derivative Liabilities - Level 1	11.40	—	—
Total	7,681.40	7,500.00	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

The management has assessed that cash and bank balances, trade payables, and other financial asset and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

The fair values of the quoted units of mutual fund schemes are based on net asset value at the reporting date.

The fair value of Optionally Convertible Debentures (OCD) and Compulsory Convertible Preference Shares (CCPS) is determined using Black and Scholes Option Pricing Method.

The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018 and 31 March 2017 are as shown below:

Description of significant unobservable inputs to valuation:

Particulars	Valuation Technique	Significant unobservable inputs
Optionally Convertible Debentures (OCD)	Option Pricing Method	Equity value of the Company
Compulsory Convertible Preference Shares (CCPS)	Option Pricing Method	Equity value of the Company

Sensitivity analysis:

CCPS

If the unobservable input i.e. equity value of the Company were 5% higher/lower and Volatility for the Company were 5% lower/higher while all the other variables were held constant, the fair value of the CCPS would increase/decrease by Rs. 360 lacs / Rs. 350 lacs.

OCDs

If the unobservable input i.e. equity value of the Company were 5% higher/lower and Volatility for the Company were 5% lower/higher while all the other variables were held constant, the fair value of the OCD's would increase/decrease by Rs. 120 lacs / Rs. 110 lacs.

NOTE 43: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise of trade payables, borrowings and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets include Investments, Loans, Trade receivables and Other receivables, Cash and Cash Equivalents, Other Bank Balances that directly derive from its operations.

The Company's activities are exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

A) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument.

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

a) Foreign Currency Risk

Foreign currency risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials and exports of finished goods.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like forwards contracts to hedge exposure to foreign currency risk.

Outstanding Foreign Currency Exposure (gross)	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Trade Receivables			
USD	0.64	0.40	1.00
Trade Receivables			
USD	21.44	10.57	24.38
CNY	21.10	39.00	—

Foreign Currency Sensitivity on unhedged exposure:

1% increase in foreign exchange rate will have the following impact on loss before tax:

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
USD	13.55	6.59	15.16
CNY	2.11	3.67	—

Note: If the rate is decreased by 100 bps loss will decrease by an equal amount

b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
(a) Fixed Rate			
Non Current Borrowings	2,776.00	5,900.00	—
Fixed Deposits With Bank	—	—	26.22
(b) Fluctuating Rate			
Non Current Borrowings	131.91	—	679.43
Current Borrowings	285.80	475.09	7,968.44
Interest rate sensitivities for unhedged exposure (impact on increase in 100 bps):			
Non Current Borrowings	1.32	—	6.79
Current Borrowings	2.86	4.75	79.68

Note: If the rate is decreased by 100 bps profit will increase by an equal amount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

B) Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating (primarily Trade Receivables), investing and financing activities including Mutual Fund Investments, Investment in Debt Securities, Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

Trade Receivables:

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and based on the evaluation credit limit of each customer is defined.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The company allows credit period ranging from 60 days to 180 days, subject to reasonableness of the receivable. There is no concentration of customers and receivable amount.

Investments, Cash and Cash Equivalent and Bank Deposit:

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

Investments of surplus funds are made only based on Investment Policy of the Company. Investments primarily include investment in units of mutual funds. These Mutual Funds and Counterparties have low credit risk.

C) Liquidity Risk:

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities and investments at the reporting date based on contractual undiscounted payments.

(Rs. in Lacs)

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
As at 31st March 2018				
Trade Payables	1,961.39	—	—	1,961.39
Borrowings (including current maturities of long term debt)	2,161.51	128.77	8,570.00	10,860.28
Other Financial Liabilities	885.14	219.93	—	1,105.07
Investments	608.00	—	—	608.00
As at 31st March 2017				
Trade Payables	1,982.44	—	—	1,982.44
Borrowings (including current maturities of long term debt)	5,475.11	—	8,400.00	13,875.11
Other Financial Liabilities	1,115.23	7.60	—	1,122.83
As at April 01, 2016				
Trade Payables	2,412.93	—	—	2,412.93
Borrowings (including current maturities of long term debt)	7,968.44	679.43	—	8,647.87
Other Financial Liabilities	471.06	352.93	—	823.99

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 44 — CAPITAL MANAGEMENT

The Company's objectives when managing capital are to

- (a) maximise shareholder value and provide benefits to other stakeholders and
- (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt and bank deposits less investments divided by total equity.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
A. Total Debt	10,504.02	13,467.85	8,645.82
B. Cash and Marketable securities	1,171.97	5,668.94	714.44
C. Net Debt (A-B)	9,332.05	7,798.91	7,931.38
D. Total Equity	933.01	2,186.77	3,592.09
Debt to Equity (Net) (C/D)	10.00	3.57	2.21

In addition the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA, etc. which is maintained by the Company

NOTE 45 — LEASES

- (a) Future minimum rental payables under non-cancellable operating lease for assets taken on lease,

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs
Not later than one year	333.54	462.85
Later than one year and not later than five years	339.22	1,228.56
More than five years	31.59	247.38
Total	704.35	1,938.79

- (b) Operating lease payment recognised in the Statement of Profit and Loss amounting to Rs.670 lacs (31 March 2017 Rs. 5 lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
NOTES — Contd.
NOTE 46 — SEGMENT INFORMATION

The Company has determined following reporting segments based on the information reviewed by the Company's Chief Operating Decision Maker ('CODM')

A) Sports - Trading of footwear, apparels and accessories and

B) Wellness - Gym equipments and accessories

Particulars	For the year Ended 31 March 2018				For the year Ended 31 March 2017			
	Sports	Wellness	Unallocable	Total	Sports	Wellness	Unallocable	Total
Segment Revenue (Revenue from Sales, Services & Other Operating Revenue)								
Revenue from Sale of products	31,005.99	4,054.33	—	35,060.31	22,205.92	3,915.33	—	26,121.25
Revenue from Services	—	356.69	—	356.69	476.83	10.72	—	487.55
Other Operating Revenue	18.07	145.11	—	163.18	—	0.79	—	0.79
Total Revenue (A)	31,024.06	4,556.13	—	35,580.18	22,682.75	3,926.83	—	26,609.58
Less: Inter Segment Revenue if any (B)	—	—	—	—	—	—	—	—
Total Segment Revenue (C = A-B)	31,024.06	4,556.13	—	35,580.18	22,682.75	3,926.83	—	26,609.58
Segment Results (Profit / (Loss) Before Interest, Depreciation & Tax)	(381.26)	180.00	(418.20)	(619.47)	183.70	(145.89)	(584.24)	(546.43)
Less: Exceptional Items	—	—	—	—	—	—	—	—
Segment Results (Profit / (Loss) Before Interest, Depreciation & Tax)	(381.26)	180.00	(418.20)	(619.47)	183.70	(145.89)	(584.24)	(546.43)
Less: Depreciation & Amortization	(323.37)	(153.40)	(96.61)	(573.39)	(218.56)	(73.24)	(47.83)	(339.63)
Total Segment Result (D)	(704.63)	26.60	(514.82)	(1,192.85)	(34.86)	(219.13)	(632.07)	(886.06)
Less: Finance Costs	(16.50)	—	(425.77)	(442.27)	(9.89)	—	(973.43)	(983.32)
Add: Other Income	—	—	425.69	425.69	—	—	352.87	352.87
Loss Before Tax	(721.13)	26.60	(514.89)	(1,209.43)	(44.75)	(219.13)	(1,252.63)	(1,516.51)
Tax Expenses								
- Current Tax	(189.18)	—	—	(189.18)	—	—	(60.91)	(60.91)
- Deferred Tax Charge/(Credit)	10.64	—	154.19	164.83	(154.19)	—	345.02	190.83
Profit for the year	(899.68)	26.60	(360.70)	(1,233.78)	(198.94)	(219.13)	(968.52)	(1,386.59)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Segment Reporting Format for Business Segment as per IND AS 108

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs
Segment Assets		
— Sports	15,470.18	9,488.33
— Wellness	3,040.46	1,016.58
Add: Unallocable Segment Assets	2,334.68	11,482.30
Total Assets	20,845.32	21,987.21
Segment Liabilities		
— Sports	6,413.80	8,886.09
— Wellness	1,678.04	1,029.30
Add: Unallocable Segment Liabilities	12,753.48	12,071.82
Total Liabilities	20,845.32	21,987.21

The geographical information analysis the group's revenues and non-current assets by the company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

Particulars	As at 31st March 2018 Rs. in Lacs	As at 31st March 2017 Rs. in Lacs
A. Revenue from operations		
— Domestic	11,007.07	15,555.96
— International	24,573.10	11,053.63
	35,580.17	26,609.59
B. Non-current assets		
— Domestic	4,972.05	5,526.13
— International	37.83	33.74
	5,009.88	5,559.87

NOTE 47 — FIRST TIME ADOPTION OF IND AS (IND AS 101)

As stated in Note 1, these financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods 1st April 2016 to 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (IGAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its IGAAP financial statements as at and for the year ended March 31, 2017 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

A. Exemption Availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

a. Optional Exemptions availed**i) Deemed cost for PPE and Intangible Assets:**

As permitted by Ind As 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

ii) Investment in Subsidiary, Joint ventures and Associates:

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. April 1, 2016 in its separate financial statements

iii) Fair Value of Financials Assets and Liabilities:

As per Ind AS exemption the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

b. Mandatory Exemptions availed**i) Estimates**

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with the previous GAAP. The Company made estimates for the following items in accordance with the Ind AS at date of transition as these were not required under previous GAAP:

- Fair valuation of financial Instruments carried at FVTPL and/or FVOCI
- Determination of the discounted value for financial instruments carried at amortised cost

ii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provision of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind As. Accordingly, the Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

iii) Classification and measurement of financial assets

The Company has determined the classification of financial assets based on facts and circumstances that exists on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

B. Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for the period. The following tables represent the reconciliations between previous GAAP and Ind AS:

i) Reconciliation of Equity as on 31st March, 2017 and 1st April 2016:

Particulars	As at 31st March 2017 Rs. in Lacs	As at 1st April 2016 Rs. in Lacs
Total Equity as per Previous GAAP	3,119.93	3,589.13
Non-Convertible preference shares reclassified as debt	(900.00)	—
Impact of accounting of Financial Instruments (refer note i)	(26.87)	4.28
Fair valuation of security deposits (refer note ii)	(2.20)	—
Deferred tax impact on above (refer note iii)	(4.09)	(1.32)
Total Equity as per Ind AS	2,186.77	3,592.09

ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2017:

Particulars	As at 31st March 2017 Rs. in Lacs
Net Profit after tax as per Previous GAAP	(1,366.86)
Impact of accounting of Financial Instruments (refer note i)	(31.16)
Fair valuation of security deposits (refer note ii)	(2.19)
Deferred tax impact on above (refer note iii)	(2.77)
Remeasurements of the defined benefit plans (refer note iv)	16.40
Profit after tax as per Ind AS	(1,386.58)
Other Comprehensive Income/(Loss) (refer note iv)	(16.40)
Total Comprehensive Income/(loss) as per Ind AS	(1,402.98)

Notes to the Reconciliation of equity as at 31st March 2017 and Total Comprehensive Income for the year ended 31st March 2017:

- i. Under Previous GAAP, transaction cost related to borrowings were charged to Profit & Loss Account as and when incurred. Under Ind AS, these cost are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying effective interest rate method.
- ii. Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable.
- iii. Deferred Tax has been recognised on adjustments made on transition to Ind AS.
- iv. Under Ind AS, remeasurement i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
NOTES — Contd.
iii) Reconciliation of Statement of Cash flow for the year ended 31st March 2017

There are no material adjustments to the statement of cash flows as reported under the Previous GAAP

IGAAP figures have been regrouped / reclassified wherever necessary to confirm with financial statements under Ind AS.

NOTE 48 — EPS
Particulars
Basic / Diluted EPS

(i) Net Profit / (Loss) attributable to Equity Shareholders

(ii) Weighted average number of Equity Shares outstanding (Nos.)

Basic / Diluted Earnings Per Share (i/ii)

For the year 31st March 2018 Rs. in Lacs	For the year 31st March 2017 Rs. in Lacs
(1,233.72)	(1,386.56)
2,584,160	2,584,160
(47.74)	(53.66)

NOTE 49 — STATEMENT OF NET ASSETS, PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS AND NON-CONTROLLING INTEREST

Name of the entity	Country of incorporation	% of voting power as at 31st March 2018	% of voting power as at 31st March 2017	Net Assets (Total assets minus total liabilities)		Share in profit and loss		Share in Other comprehensive income		Share in Total comprehensive income	
				As % of consolidated net assets	Amount (Rs. in Lacs)	As % of consolidated net assets	Amount (Rs. in Lacs)	As % of consolidated other comprehensive income	Amount (Rs. in Lacs)	As % of Total comprehensive income	Amount (Rs. in Lacs)
1 Cravatex Ltd.	India	—	—	320.00%	2,985.56	-3.42%	42.18	-46.57%	25.49	-5.25%	67.67
2 Cravatex Brands Ltd.	India	99.9970%	99.9970%	50.98%	475.60	163.70%	(2,019.67)	146.57%	(80.23)	162.97%	(2,099.91)
3 BB UK Ltd.	UK	100.00%	100.00%	139.39%	1,300.45	-65.83%	812.19	0.00%	—	-63.03%	812.19
4 Total Eliminations	—	—	—	-410.36%	(3,828.62)	5.55%	(68.48)	0.00%	—	5.31%	(68.48)
				100.00%	932.99	100.00%	(1,233.78)	100.00%	(54.74)	100.00%	(1,288.53)

NOTE 50 — RECENT STANDARDS

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Ind AS 115 Revenue from Contracts with Customers (“Standard”)

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective from 1 April 2018.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is evaluating the impact of this Standard on its financial statements.

NOTE 51 — CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company as it does not fall under the class of Companies specified under the section.

NOTE 52 — PREVIOUS YEAR’S COMPARABLES

Previous year’s figures have been regrouped/reclassified wherever necessary, to confirm with current years classification/ disclosure.

KYC Notice

Dear Shareholder,

We refer to the recent SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, in which SEBI has directed all the **Listed Companies** to record the PAN and Bank Account details of all their shareholders holding shares in physical mode through their RTA. A copy of the said circular can be accessed at www.sharexindia.com=> Downloads=> RTA=>KYC. Accordingly Your Company has initiated steps for registering the PAN details of all the shareholders (including joint holders, if any) and the Bank Account details of the registered shareholders.

We would like to register other KYC details such as email id, mobile number, specimen signature and nomination. In this context, we request you to kindly fill in the details in KYC form given herein below and forward the same along with all the supporting documents considering the below mentioned instructions.

A. For updating PAN of the first registered and/or joint shareholders

Self-attested legible copy of PAN card (exempted for Sikkim Shareholders)

B. For updating Bank Account details of the registered shareholder :

1. In cases where in the original cancelled cheque leaf has the shareholder's name printed

- For address proof: Self-attested legible copy of Aadhar/passport/utility bill (not older than 3 months)
- Original cancelled cheque leaf containing the Bank A/c No., Bank Name, type of account, IFSC Code, MICR Code and the name of the shareholder printed on the cheque leaf.

OR

2. In cases where in the cancelled cheque leaf does not contain the shareholder's name printed on it

- For address proof: Self- attested legible copy of Aadhar /passport/utility bill (not older than 3months)
- Original cancelled cheque leaf containing the details, Bank A/c No., Bank Name, type of account, IFSC Code, MICR Code.
- Legible copy of the bank passbook / bank statement specifying the KYC details of the registered shareholder such as the name, address, bank account number etc. duly attested by the officer of the same bank with his signature, name, employee code, designation, bank seal & address stamp, phone no. and date of attestation.

C. For updating the Specimen signature of the first registered and/or joint shareholders

- Affidavit duly notarized on non-judicial stamp paper of Rs.100/.
- Banker's verification (format available on www.sharexindia.com=> Downloads=>RTA=>KYC.
- Original cancelled cheque containing the details, Bank A/c No., Bank Name, type of account, IFSC Code, MICR Code and the name of the shareholder printed on the cheque leaf.
- Legible copy of the bank passbook / bank statement specifying the KYC details of the registered shareholder such as the name, address, bank account number etc. duly attested by the officer of the same Bank with his signature, name, employee code, designation, bank seal & address stamp, phone no. and date of attestation.(if the cancelled cheque leaf does not contain shareholder name)

D. For Change of address, if any:

For old Address Proof: Old Utility Bill and for new Address Proof: Aadhar /Passport/ Utility Bill (not olderthan3months)

E. For registering Email id: Email-id of the first registered shareholder for all future communication in electronic mode (i.e. Go Green Initiative)

F. For registering Mobile No.: Mobile no. of the first registered shareholder for future direct communication.

G. For registering Nominee: You are requested to register the Nomination (Form SH-13) to your folio. Nomination form is available on our website at www.sharexindia.com=> Downloads=>RTA=>KYC.

We request you to kindly forward the duly filled in KYC form along with self attested copies of supporting documents for all the "Required" remarks within 21days from the date of this letter. Single copy of supporting document is sufficient for updating multiple subjects.

Your attention is also drawn to the recent SEBI notification regarding compulsory transfer of Securities in Dematerialized form w.e.f. 05.12.2018. Please read the said circular available on <http://www.sharexindia.com/KYC/BSE-Circular.pdf>

KYC FORM

Date: ___/___/___

To

Sherex Dynamic (India) Pvt. Ltd.
Unit: Cravatex Limited
Unit-1 Luthra Industrial Premises
Safed Pool, Andheri Kurla Road
Andheri (East)
Mumbai-400 072.

Folio No. :
No. of Shares:

Dear Sir/Madam,

We refer to your letter for updation of KYC details and are forwarding herewith the required supporting documents:

A. For registering PAN of the First Registered and/or Joint Shareholders (as applicable)

Registered Shareholder Jt-Holder-1 Jt-Holder-2 Jt-Holder-3 (self-attested copy of PAN card(s) for all Shareholders attached)

B. For registering Bank details of the First Registered Shareholder

Original cancelled cheque leaf Bank Passbook/Bank Statement

C. For registering (the specimen signature of first registered and/or joint shareholders (as applicable)

Affidavit Banker Verification Original cancelled cheque leaf Bank Passbook/Bank Statement (for all Shareholders attached)

D. For updating change of address, if any

Old Address Proof - Utility Bill New Address Proof - Utility Bill

E. For registering the email id:

F. For registering the mobile no.:

G. For registering the nominee details by the Sole Registered Shareholder

Form SH-13 (Please download the same from www.sharexindia.com => Download => RTA => KYC)

Note: For residents of Sikkim instead of PAN provide Aadhar Card.Voters Card/Driving License/ Passport or any other identity proof issued by Governement.

I/We hereby state that the above mentioned details are true and correct and I/we consent towards updating the particulars based on the self-attested copies of the documents enclosed with this letter by affixing my/ our signature(s) to it.

Sign:_____	Sign:_____	Sign:_____	Sign:_____
First Registered Holder	Joint Holder 1	Joint Holder 2	Joint Holder 3
Name:	Name:	Name:	Name:

CRAVATEX LIMITED

CIN : L93010MH1951PLC008546

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

Tel No.: +91-22-66667474 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 66th ANNUAL GENERAL MEETING to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025 on September 17, 2018 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 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 66th Annual General Meeting of the Company, to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025 on September 17, 2018 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.	(a) Adoption of Financial Statements (standalone) for the financial year ended March 31, 2018. (b) Adoption of Financial Statements (consolidated) for the financial year ended March 31, 2018.		
2.	Declaration of dividend on 4% Non Convertible Cumulative Redeemable Preference Shares for the period ended March 31, 2017.		
3.	Declaration of dividend on 4% Non Convertible Cumulative Redeemable Preference Shares for the financial year ended March 31, 2018.		
4.	Declaration of dividend on the Equity Shares for the financial year ended March 31, 2018		
5.	Re-appointment of Mr. Rajesh Batra as a Director who retires by rotation.		

Signed this day of, 2018

Affix
1 Rupee
Revenue
Stamp

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

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

