

February 2, 2017

The Department of Corporate Services  
BSE Limited  
1<sup>st</sup> Floor, Rotunda Building  
B.S. Marg, Fort, Mumbai – 400 001

Stock code : 509472

Dear Sirs,

**Sub: Outcome of the Board Meeting held on 2<sup>nd</sup> February, 2017**

**Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In accordance with the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**LODR Regulations**), we hereby inform you that a meeting of the Board of Directors of Cravatex Limited (**Company**) was held today at the Company's registered office at 6.00 p.m. and concluded at 7.45 p.m. The meeting inter alia transacted the following business:

- (a) Approved acquisition of 100% equity stake (i.e. 3,000 equity shares) of Cravatex Brands Limited (**CBL**) by the Company in the following manner:
- purchase of 2,994 equity shares at face value of INR 100/- each, and
  - acquisition of beneficial interest in the remaining 06 equity shares for a consideration of INR 100/- each,

resulting into CBL becoming a wholly owned subsidiary of the Company. The said transaction has also been approved by the Board of Directors in accordance with Sections 188(1)(a) of the Companies Act, 2013 and rules made thereunder.

Detailed information in relation to the above, as required to be disclosed in terms of Regulation 30 of LODR Regulation, is annexed hereto as **Annexure 1**.

- (b) Considered and approved sale and transfer of the Company's business undertaking engaged in the business of import, marketing, distribution and servicing of fitness equipment as well as through licensing arrangements with global brands, the design, sourcing, and the marketing, distribution and retail of footwear, apparel, and sporting goods together with associated employees, assets and liabilities (**Business Undertaking**), as an inseparable whole, as a going concern, without values being assigned to the individual assets and liabilities in accordance with the provisions of Section 50B read with Section 2(42C) of the Income-tax Act, 1961 to CBL having become a wholly owned subsidiary of the Company, for a lump sum consideration of INR 32.68 crores (Rupees Thirty Two Crores and Sixty Eight Lacs only) (determined by an independent



valuer) subject to adjustments, if any. The said lump sum consideration will be discharged in full by CBL by issue and allotment to the Company of 32.68 lacs equity shares of CBL at face value credited as fully paid up. The slump sale has been approved by the Board of Directors in accordance with Section 180(1)(a) of the Companies Act, 2013 and in accordance with Section 188 of the Companies Act, 2013 read with Regulation 23 of the LODR Regulations and is subject to shareholders and third party consents, as applicable.

Detailed information in relation to the above, as required to be disclosed in terms of Regulation 30 of LODR Regulation, is annexed hereto as **Annexure 2**.

- (c) Subject to (b) above, considered and approved execution of business transfer agreement with CBL, and other ancillary agreements and the completion of transactions contemplated in the business transfer agreement.
- (d) Approved the postal ballot notice in terms of Section 110 of the Act read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, for seeking approval of the shareholders for items listed therein.

Please note that for specified persons the trading window in respect of the Company's securities will remain closed with effect from February 2, 2017 from the time of receipt of the notice by them and their dependants, and they shall not deal in securities of the Company till the opening of the trading window which shall be 48 hours after this disclosure is made public.

You are requested to kindly take the same on record.

Thanking you,

Yours sincerely,  
For Cravatex Limited



**Sudhanshu Namdeo**  
Company Secretary

### ANNEXURE 1

#### DISCLOSURE UNDER REGULATION 30 OF LODR REGULATIONS WITH RESPECT TO ACQUISITION OF 100% EQUITY STAKE OF CRAVATEX BRANDS LIMITED

S. No.	Disclosure	Remarks
1.	Name of the target entity, details in brief such as size, turnover etc.	Cravatex Brands Limited (CBL).  CBL was incorporated on 22 December 2016. As on date, the authorised and paid up share capital of CBL is as follows :  Authorised Capital: 5,000 Equity Shares of Rs. 100/- Each Paid Up Capital: 3,000 Equity Shares of Rs. 100/- Each  CBL being recently incorporated, the disclosures relating to size, turnover etc. are not applicable.
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length".	The acquisition falls within related party transactions.  Mr. Rajesh Batra (promoter and director of the Company) is also a director on CBL and holds more than two percent of paid up share capital of CBL (pre-acquisition).  Further, Mr. N.R. Mahalingam (director of the Company) is also a director on the Board of CBL.  The transaction is being conducted on an arm's length basis.
3.	Industry to which the entity being acquired belongs.	In terms of the main object clause of the memorandum of association, CBL can engage in the business of dealing in footwear, apparel, apparel accessories, bags, socks, belts, caps, inner-wear, sports goods, sportswear, sports accessories, fitness equipment, gym, spa, servicing of equipment, etc.
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	CBL is in the same line of business as the Company. Pursuant to the acquisition and transfer of equity shares of CBL, CBL would become a wholly owned subsidiary of the Company.
5.	Brief details of any governmental or regulatory approvals required for the acquisition.	N.A.



6.	Indicative time period for completion of the acquisition.	The acquisition will be completed within one day.
7.	Nature of consideration - whether cash consideration or share swap and details of the same.	Cash
8.	Cost of acquisition or the price at which the shares are acquired.	Equity shares are being acquired at face value of INR 100/-.
9.	Percentage of shareholding / control acquired and / or number of shares acquired.	100%
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief).	<p>CBL was incorporated on 22 December 2016 in Mumbai, Maharashtra, India.</p> <p>In terms of the main object clause of the memorandum of association, CBL is engaged in the business of dealing in footwear, apparel, apparel accessories, bags, socks, belts, caps, inner-wear, sports goods, sportswear, sports accessories, fitness equipment, gym, spa, servicing of equipment, etc.</p> <p>CBL is recently incorporated and hence, history of last 3 years turnover is not applicable.</p>



## ANNEXURE 2

### DISCLOSURE UNDER REGULATION 30 OF LODR REGULATIONS WITH RESPECT TO SALE AND TRANSFER OF THE COMPANY'S BUSINESS UNDERTAKING TO CRAVATEX BRANDS LIMITED

S. No.	Disclosure	Remarks
1.	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year.	Turnover of INR 171.95 crores equalling to 91.18% of the total turnover of the Company during last financial year 2015-16.  Net worth: INR 35.75 crores as on 31 <sup>st</sup> March, 2016.
2.	Date on which the agreement for sale has been entered into.	The agreement will be entered into shortly.
3.	The expected date of completion of sale/ disposal	On or before 31 <sup>st</sup> March, 2017.
4.	Consideration received from such sale/ disposal	The lump sum consideration will be INR 32.68 crores (Rupees Thirty Two Crores and Sixty Eight Lacs only) (determined by an independent valuer) subject to adjustments, if any. The said lump sum consideration will be discharged in full by CBL by issue and allotment to the Company of 32.68 lacs equity shares of CBL at face value credited as fully paid up.
5.	Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof.	CBL was incorporated on 22 December 2016. As on date, the authorised and paid up share capital of CBL is as follows:  Authorised Capital: 5,000 Equity Shares of Rs. 100/- Each Paid Up Capital: 3,000 Equity Shares of Rs. 100/- Each  Mr. Rajesh Batra (promoter and director of the Company) is also a director on CBL and holds more than two percent of paid up share capital of CBL (pre-acquisition).
6.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length".	The transaction falls within related party transactions.  The slump sale will be done on "arms-length" on the basis of valuation done by an independent valuer.



7.	Name of the entity(ies) forming part of the slump sale, details in brief such as, size, turnover etc.	CBL was incorporated on 22 December 2016. As on date, the authorised and paid up share capital of CBL is as follows:  Authorised Capital: 5,000 Equity Shares of Rs. 100/- Each Paid Up Capital: 3,000 Equity Shares of Rs. 100/- Each  CBL being recently incorporated, the disclosures relating to size, turnover etc. are not applicable.
8.	Area of business of the entity(ies).	Sale and marketing of fitness equipment, footwear, apparel, and sports goods.
9.	Rationale for transaction.	To focus on the Company's growth and expansion and raise funds towards that end.  CBL may subsequently raise further capital to assist in the development of the Business undertaking.
10.	Brief details of change in shareholding pattern (if any) of listed entity.	No change in shareholding pattern.

