

**BOARD OF DIRECTORS AND GENERAL INFORMATION**

**Board of Directors**

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

**Bankers**

Axis Bank Limited

**Company Secretary**

Kuldeep R. Sharma

**Auditors**

Messrs S. P. Chopra & Co.  
*Chartered Accountants*  
15/A, Horniman Circle,  
Mumbai - 400 001.

**Registered Office**

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

**Registrars & Share Transfer Agents**

M/s. Sharepro Services (India) Pvt. Ltd.

*Registered Office:*

13 AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072.

*Investor Relation Centre:*

912, Raheja Centre,  
Free Press Journal Road, Nariman Point,  
Mumbai - 400 021.

1. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
2. Please address all correspondence regarding share transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.

## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE

NOTICE is hereby given that the Fifty-seventh Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 17, 2009 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 receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and Profit and Loss account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Nabankur Gupta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. H.K. Vakharia who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the retiring Auditors M/s. S. P. Chopra & Co., Chartered Accountants, being eligible for re-appointment, be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.”

6. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 228 of the Companies Act, 1956, the accounts of the Company for the year ending March 31, 2010 in respect of the branch of the Company at Bangalore, be audited by M/s. M. R. Jayaprakash & Associates, Chartered Accountants, on such terms and conditions as may be decided by the Board of Directors.”

### SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 314 of the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003, the Company hereby give its consent to Mr. Rohan Batra, son of Mr. Rajesh Batra, Director of the Company, holding an office or place of profit as Manager – Operations in the Company effective July 1, 2009, on a monthly remuneration of Rs.25,000/-, together with the usual allowances, benefits, amenities and facilities applicable to employees occupying similar post within the same salary scale or grade with authority to the Board of Directors to sanction, at their discretion, increments within the grade as they may deem fit and proper and to sanction at their discretion and in due course, promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such grade or grades and to give increments as they may deem fit, PROVIDED HOWEVER THAT such increased remuneration does not exceed Rs. 50,000/- per month or such maximum amount as may be provided under the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003 from time to time.”

“RESOLVED FURTHER THAT Mr. Rohan Batra shall be in exclusive employment of the Company and will not hold a place of profit in any other Company during the period of his tenure.”

**NOTICE OF ANNUAL GENERAL MEETING**

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this resolution as may be deemed to be in the best interests of the Company.”

By Order of the Board of Directors

**Kuldeep R. Sharma**  
*Company Secretary and*  
*Head – Legal & IT*

Place : Mumbai

Dated : June 3, 2009

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business proposed to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 10, 2009 to Friday, July 17, 2009, both days inclusive.
4. Members are requested to notify immediately any change in their Registered Address to the Registrars and Share Transfer Agents of the Company quoting their Folio Numbers/Client IDs.
5. Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956, any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

All unclaimed dividends upto financial year ended March 31, 1994 have been transferred to the General Revenue Account and unclaimed dividends upto the financial year ended March 31, 2001 have been transferred to Investor Education and Protection Fund of the Central Government in terms of Section 205A of the Companies Act, 1956.

Unclaimed dividends for the financial year ended March 31, 2002 shall be transferred to the Investor Education and Protection Fund in accordance with the provisions applicable therefor.

Those members who have so far not encashed the dividend(s) from the year ended March 31, 2002, till the year ended March 31, 2008 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

6. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of nomination facility by filing Form 2B in their own interest. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
7. The bank account particulars of the members will be printed on the dividend warrants. In respect of shares held in physical form, the bank account particulars should be sent to the Registrar & Share Transfer Agents of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

Members holding shares in demat form must give particulars of their bank account to their Depository Participant. The Registrar & Share Transfer Agents of the Company will not act on any such request received from the members for change in their bank account particulars. Further, instruction given by members for shares held in physical form would not be applicable to the dividend paid on shares also held in demat form.

8. Payment of Dividend through ECS:
  - (a) Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by July 9, 2009 to the Registrar & Share Transfer Agents of the Company
  - (b) Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
9. Members desiring any specific information as regards the Accounts at the Annual General Meeting are requested to write to the Company sufficiently in advance enabling the management to keep the information ready.

By Order of the Board of Directors

**Kuldeep R. Sharma**  
*Company Secretary and*  
*Head – Legal & IT*

Place : Mumbai  
Dated : June 3, 2009

**NOTICE OF ANNUAL GENERAL MEETING****Explanatory Statement under Section 173 (2) of the Companies Act, 1956****Item No. 7**

The Selection Committee, at its meeting held on June 12, 2008 had approved the appointment of Mr. Rohan Batra, son of Mr. Rajesh Batra, on a monthly remuneration of Rs.19,500/- with authority to the Board to grant, from time to time, to Mr. Rohan Batra such increment or increments as it may, in its discretion think fit, provided that, his total monthly remuneration shall not exceed Rs.20,000/- or such amount as may be provided under the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003.

Considering the industry pay scale as well as employees occupying similar position in the Company, the Board of Directors, in its meeting held on June 3, 2009, had approved, subject to approval of Members in General Meeting by Special Resolution, Mr. Rohan Batra holding office or place of profit as Manager – Operations in the Company effective July 1, 2009, on a monthly remuneration of Rs.25,000/-, together with the usual allowances, benefits, amenities and facilities applicable to employees occupying similar post within the same salary scale or grade with authority to the Board of Directors to sanction, at their discretion, increments within the grade as they may deem fit and proper and to sanction at their discretion and in due course, promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such grade or grades and to give increments as they may deem fit, PROVIDED HOWEVER THAT such increased remuneration does not exceed Rs. 50,000/- per month or such maximum amount as may be provided under the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003 from time to time.

In terms of provision of Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the payment of monthly remuneration of Rs.25,000/- as above requires approval of Members by Special Resolution.

Accordingly, the resolution mentioned in Item No. 7 of the Notice is being proposed for approval of Members.

Except Mr. Rajesh Batra, being relative of Mr. Rohan Batra, none of the Directors of the Company is concerned or interested in the proposed resolution.

By Order of the Board of Directors

**Kuldeep R. Sharma**  
*Company Secretary and*  
*Head – Legal & IT*

Place : Mumbai

Dated : June 3, 2009

## REPORT OF THE BOARD OF DIRECTORS

## DIRECTORS' REPORT

## To The Members of Cravatex Limited

Your Directors present the Audited Balance Sheet and Profit and Loss Account of the Company together with their Report for the year ended March 31, 2009.

	<b>Current Year Rupees</b>	Previous Year Rupees
<b>FINANCIAL RESULTS</b>		
Earnings before Interest, Depreciation and Taxation	<b>4,76,35,033</b>	4,49,59,940
Less: Interest	<b>1,23,77,069</b>	1,38,37,426
Less: Depreciation	<b>86,12,523</b>	95,00,003
Leaving a Profit before Taxation	<b>2,66,45,441</b>	2,16,22,511
Provision for Taxation:		
Current Tax	<b>(70,00,000)</b>	(1,00,00,000)
Fringe Benefit Tax	<b>(9,00,000)</b>	(7,50,000)
Deferred Tax Credit/(Debit)	<b>(3,86,950)</b>	15,96,826
(Short)/Excess Provision for Earlier Years	<b>1,12,868</b>	—
Profit after Current Taxation	<b>1,84,71,359</b>	1,24,69,337
Adding thereto:		
Brought forward from Previous Year	<b>1,69,74,905</b>	1,47,96,638
Available for Appropriation	<b>3,54,46,264</b>	2,72,65,975
Less Appropriations:		
Provision for Proposed Dividend	<b>45,22,280</b>	45,22,280
Provision for Tax on Proposed Dividend	<b>7,68,790</b>	7,68,790
General Reserve	<b>50,00,000</b>	50,00,000
Balance to be carried forward	<b>2,51,55,194</b>	1,69,74,905

## OPERATIONS

The turnover of the Company for the year under review has marginally decreased from Rs. 5,062 lacs to Rs.4,424 lacs while the earnings before interest, depreciation and taxation stood at Rs.476 lacs as against Rs.450 lacs in last year. The Net Profit before tax for the year increased from Rs.216 lacs to Rs.266 lacs. The balance carried forward to Balance Sheet is Rs.251 lacs as compared to Rs.170 lacs in the previous year.

## DIVIDEND

The Directors are pleased to maintain dividend at 35% for the year under review, which would be tax-free in the hands of shareholders. The Dividend, if approved by the shareholders at the Annual General Meeting, will absorb Rs. 45,22,280.

## DEPOSITS

The total Unsecured Loans and Deposits stood at Rs.2,42,75,000/- as on March 31, 2009 and there were no unclaimed deposits as on that date. The Company has repaid all the Deposits on due dates.

## REPORT OF THE BOARD OF DIRECTORS

### ASSETS

The fixed assets of the Company have been adequately insured.

### DIRECTORS

Mr. Nabankur Gupta and Mr. H.K. Vakharia are retiring by rotation and, being eligible, offer themselves for re-appointment.

### DEMATERIALISATION OF COMPANY'S SHARES

Of the Company's total shareholding, 7,93,803 shares were held in dematerialised mode by the shareholders of the Company of which 7,65,804 shares were under National Securities Depository Limited (NSDL) and balance 27,999 shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2009.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- (i) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis.

### INFORMATION UNDER SECTION 292A(1) OF THE COMPANIES ACT, 1956 AND CLAUSE 49 OF THE LISTING AGREEMENT

Since the paid-up share capital of the Company is Rs.1.29 Crore, the provisions of Section 292A(1) of the Companies Act, 1956 and Clause 49 of the Listing Agreement relating to constitution of Audit Committee and Corporate Governance respectively, are not applicable to the Company. However, the directors furnish the following relevant information for the benefit of the shareholders:

#### (A) Management Discussion and Analysis Report

##### *Economy And Business Environment:*

The global financial crisis interrupted the growth momentum of India, despite the strong dominance of domestic sources of growth. There was clear moderation in growth by the third quarter of 2008-09. In relation to the agricultural sector, industry and services sectors have been affected more by the adverse external shocks, with some contribution to their growth deceleration arising from cyclical slowdown in certain sectors after a prolonged phase of high growth.

Like all emerging economies, India too has been impacted by the crisis, and much more than was expected earlier. GDP growth has moderated reflecting lower industrial production, negative exports, deceleration in services activities, dented corporate margins and diminished business confidence. There are some comforting factors like well-functioning financial markets, robust rural demand, lower headline

## REPORT OF THE BOARD OF DIRECTORS

inflation and comfortable foreign exchange reserves which buffered us from the worst impact of the crisis. The fiscal stimulus packages of the Government and monetary easing and regulatory action of the Reserve Bank have helped to arrest the moderation in growth and keep our financial markets functioning normally.

### **Health & Fitness and Sports & Footwear business:**

The Company currently has a network of 51 exclusive Fitness Showrooms across India, after having closed a few non-performing stores and opening some new stores.

The Company, through its network of above Showrooms and Dealers, continued to provide complete solutions for customers including layout planning, selection from range of equipments & installation, backed by unmatched nationwide service support.

The Company continues to supply fitness equipments to all consumers including Health Clubs, Gyms, Corporates, Hotels, Resorts, Housing Societies etc..

The sports and footwear distribution performed as per business plan for the year.

### **(B) Report on Corporate Governance**

#### **1. Board of Directors**

##### **(a) Composition/Category of Directors**

Directors	Category	Board Meetings		Last AGM Attended	No. of Other Directorships	Member of Committees
		Held	Attended			
Mr. Rajesh Batra	Promoter	5	5	Yes	4	2
Mr. Arjun Bulchandani	Independent Non-executive	5	3	Yes	None	None
Mr. Rajiv Batra*	Promoter	1	0	No	1	None
Mr. H. K. Vakharia	Independent Non-executive	5	5	Yes	None	None
Mr. N. R. Mahalingam	Independent Non-executive	5	5	Yes	1	2
Dr. S. D. Israni	Independent Non-executive	5	5	Yes	2	5
Mr. Nabankur Gupta	Independent Non-executive	5	5	Yes	8	8
Mr. Rajiv Wallia	Executive	3	3	Yes	None	None

\* ceased to be director w.e.f. 07.05.2008



## REPORT OF THE BOARD OF DIRECTORS

### (b) Details of Remuneration

- (i) The details of sitting fees paid to the Directors during the financial year 2008 – 09 are given below :

Name	No. of Meetings Attended	Sitting Fees (Rs)
Mr. Rajesh Batra	5	45,000
Mr. Arjun Bulchandani	3	30,000
Mr. Rajiv Batra*	0	NIL
Mr. H.K. Vakharia	5	45,000
Mr. N.R. Mahalingam	5	45,000
Dr. S.D. Israni	5	45,000
Mr. Nabankur Gupta	5	45,000
Mr. Rajiv Wallia	3	NIL

\* ceased to be director w.e.f. 07.05.2008

- (ii) The Board of Directors, in its meeting held on June 12, 2008, appointed Mr. Rajiv Wallia as the Whole-time Director, designated as Executive Director. Except, Mr. Rajiv Wallia there is no other Executive Director in the Company. Accordingly, there is no performance linked incentive applicable to the Directors of the Company.
- (iii) Service Contracts, Notice Period, Severance Fees : Mr. Rajiv Wallia has been appointed as Whole-time Director, designated as Executive Director for a period of 3 years w.e.f. June 12, 2008 with notice period of six calendar months for termination from either side without any severance fees.
- (iv) Stock Option Details : None

### (c) Number of Board Meetings held during the year 2008 - 09

The Company held five Board Meetings during the year ended March 31, 2009. These were on May 6, 2008, June 12, 2008, July 25, 2008, October 23, 2008 and January 28, 2009.

## 2. Board Committees

The Board has constituted following Committees of Directors:

### (A) Remuneration Committee

#### (a) Composition

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

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

Broad terms of reference of the Remuneration Committee include determining the remuneration package of Company's Managerial Personnel.

#### (b) Details of Remuneration

The details of sitting fees paid to the Members during the financial year 2008-09 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs)
Mr. N. R. Mahalingam	1	10,000/-
Mr. Nabankur Gupta	1	10,000/-
Dr. S. D. Israni	1	10,000/-

## REPORT OF THE BOARD OF DIRECTORS

### (c) Number of Remuneration Committee Meetings held during the year 2008 - 09

The Company held one Remuneration Committee Meeting on June 12, 2008 at which meeting all members were present.

### (B) Selection Committee

#### (a) Composition

The Selection Committee consists of the following Non-executive Independent Directors:

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

Broad terms of reference of the Selection Committee include selection of a relative of Director for holding an office or place of profit in the Company.

#### (b) Details of Remuneration

The details of sitting fees paid to the Members during the financial year 2008-09 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs)
Mr. N. R. Mahalingam	2	10,000/-
Mr. Nabankur Gupta	2	10,000/-
Dr. S. D. Israni	2	10,000/-

### (c) Number of Selection Committee Meetings held during the year 2008 - 09

The Company held two Selection Committee Meetings on May 6, 2008 and June 12, 2008 at which meeting all members were present.

### 3. Details in respect of last three General Body Meetings

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

	I (AGM)	II (AGM)	III (AGM)
Date	25/07/2008	27/07/2007	28/07/2006
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.	10.00 a.m.	10.00 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 — : No  
Details of voting pattern.

(d) Whether any Special Resolution is proposed to be conducted through postal ballot : No  
this year?

### 4. Subsidiaries

The Company does not have any Subsidiary.

### 5. Means of Communication

#### **Company's Financial Results:**

Company's Financial results are normally published in Business Standard (in English) and in Sakal (in Marathi).

## REPORT OF THE BOARD OF DIRECTORS

### ***Report on Management Discussion & Analysis:***

Relevant information by means of Management Discussion and Analysis forms part of the Annual Report.

### **6. General Shareholder Information**

(a) Annual General Meeting will be held on Friday, July 17, 2009 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

(b) Financial Year:

Results for quarter ending June 30, 2009	:	Last week of July, 2009
Annual General Meeting	:	Friday, July 17, 2009
Results for quarter ending September 30, 2009	:	Last week of October, 2009
Results for quarter ending December 31, 2009	:	Last week of January, 2010
Results for the year ending March 31, 2010	:	Before June 30, 2010

(c) Date of Book Closure : Friday, July 10, 2009  
to  
Friday, July 17, 2009  
(both days inclusive)

(d) Dividend Payment Date : Before August 15, 2009

(e) Listing on Stock Exchange : Company's shares are listed on Bombay Stock Exchange.

(f) Stock Code : 509472  
SYMBOL : CRAVATEX  
Demat ISIN : INE145E01017

(g) Market Price Data (during Last Financial Year) : High : Rs. 117.00 (28/05/2008)  
Low : Rs. 54.25 (05/12/2008)

(h) Registrars & Share Transfer Agents:

M/s. Sharepro Services (India) Pvt. Ltd.

*Registered Office:*

13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072.  
Tel. Nos. 022-67720300, 67720400 and 67720403,  
Fax Nos. 022-67720416, 28591568, 28508927.  
Email: sharepro@shareproservices.com

*Investor Relation Centre:*

912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021,  
Tel. No. 022-2288 1469, 6613 4700, Fax No. 022-2282 5484. Email: ravi@shareproservices.com

(i) Share Transfer System:

Presently, the share transfers received in physical form are processed and share certificates are returned within a period of 20-25 days from the date of receipt, subject to the transfer instruments being valid and complete in all respects. The Company has also offered the facility of transfer cum demat as per SEBI guidelines.

## REPORT OF THE BOARD OF DIRECTORS

(j) Distribution of Shareholding as on March 31, 2009:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 500	1,961	96.55	1,29,301	10.00
501 to 1000	27	1.33	18,810	1.46
1001 to 2000	12	0.59	17,149	1.33
2001 to 3000	4	0.20	10,615	0.82
3001 to 4000	3	0.15	10,980	0.85
4001 to 5000	4	0.20	18,200	1.41
5001 to 10000	6	0.29	44,361	3.43
10001 and above	14	0.69	10,42,664	80.70
<b>Total</b>	<b>2,031</b>	<b>100.00</b>	<b>12,92,080</b>	<b>100.00</b>

Shareholding Pattern as on March 31, 2009

Category	No. of Shares	%
Promoters	9,69,060	75.00
Banks	0	0.00
Bodies Corporate (Other)	7,591	0.59
NRI*	127	0.01
Public	3,15,302	24.40
<b>Total</b>	<b>12,92,080</b>	<b>100.00</b>

\*Total Foreign shareholding in the company is 39,247 (3.03%) of which 39,120 (3.02%) is included in Indian Promoters.

(k) Dematerialisation of shares and liquidity

Approximately 61.44% of the total shareholding of the Company has been dematerialised as on March 31, 2009 out of which 59.27 % of shares are dematerialised under National Securities Depository Limited (NSDL) and 2.17 % shares under Central Depository Services (I) Limited (CDSL).

(l) Address for Correspondence:

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

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

Information required pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure I to this Report.

#### PARTICULARS OF THE EMPLOYEES

Information in accordance with the requirements of Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder for the Financial Year ended March 31, 2008.

(a) Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs.24,00,000/- per annum

## REPORT OF THE BOARD OF DIRECTORS

- (b) Employed for part of the year and in receipt of remuneration in aggregate of not less than Rs.2,00,000/- per month.

Name	Designation	Gross Remuneration (Rupees)	Qualification	Date of Employment	Age/ Experience (Years)	Last Employment
Mr. Rajiv Wallia	Chief Executive	7.49 lacs	B.Com, D.M.M.	01.10.2000	54/32	Proline India Ltd.
Mr. Rajiv Wallia	Executive Director	30.46 lacs	B.Com, D.M.M.	12.06.2008	54/32	Cravatex Ltd. (Chief Executive)

### AUDITORS' REPORT

The remarks made by the Auditors are self-explanatory and do not call for any clarification under Section 217 of the Companies Act, 1956.

### AUDITORS & BRANCH AUDITORS

M/s. S. P. Chopra & Co., Chartered Accountants, will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. The members are also required to appoint Branch Auditors for Company's operations at Bangalore.

### ACKNOWLEDGEMENT

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

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

**Rajesh Batra**  
Chairman

Place : Mumbai

Dated : June 3, 2009

### **Registered office :**

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

## ANNEXURES TO THE DIRECTORS' REPORT

### Annexure I

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

#### A. CONSERVATION OF ENERGY

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

The Company has been making optimum use of electrical energy by regular maintenance and overhauling of machines and equipment. Regular watch has been kept to prevent wastage of energy during production.

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

None presently.

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

Negligible.

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

Since the Company has ceased its textile operations, no information in respect of energy consumption in prescribed Form 'A' is required to be provided.

#### B. TECHNOLOGY ABSORPTION

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

The scope for Research and Development is very limited.

**Technology Absorption, Adaptation and Innovation:**

No technology is imported during the year.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Details in respect of total Foreign Exchange used and earned are given in Item No.20 in schedule 'N' of Notes to the Annual Accounts.

**REPORT OF THE AUDITORS****AUDITORS' REPORT****To the Members of Cravatex Limited**

1. We have audited the attached Balance Sheet of Cravatex Limited, as at 31 March 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (the 'Order') as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditor's Report in respect of the branch at Bangalore has been forwarded to us and has been appropriately dealt with;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors, as on 31 March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so

REPORT OF THE AUDITORS

required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2009;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

**Y. K. Shankardass**  
*Partner.*

Membership No. F-5106

Mumbai : Mumbai  
Dated : June 3, 2009



## REPORT OF THE AUDITORS

### Annexure to the Auditors' Report

Referred to in paragraph 3 of our Report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) During the year, the Company has disposed off some of the fixed assets at branches and at head office but the same do not comprise substantial part of the fixed assets of the Company. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the disposal of the said fixed assets has not affected the going concern status of the Company.
- (ii) (a) 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.
- (b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management which, in our opinion, are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company had taken loans by way of fixed deposits from a firm and eight persons covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2,08,25,000 and the year-end balance of loans from such parties was Rs.2,08,25,000. In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties are *prima facie*, not prejudicial to the interest of the Company. The Company is regular in repaying the principal amounts where stipulated and has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under this section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

## REPORT OF THE AUDITORS

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A, 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the product of the Company.
- (ix) (a) According to the records maintained by the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were in arrears as at 31 March 2009 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, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except as indicated below.

Name of the Statute	Nature of dues	Amount demanded (Rupees)	Amount deposited (Rupees)	Year to which amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax Demand	68,06,535	45,36,612	2001-2002	Commissioner of Income Tax Appeals

- (x) The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year. The Company has no accumulated losses.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
- (xiv) Clause (xiv) of the Order regarding dealing and trading in shares etc. is not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) As per information and explanation given to us, the term loans have been applied during the year for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no fund raised on short-term basis have been used for long-term investment.

**REPORT OF THE AUDITORS**

- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act,1956.
- (xix) No debentures have been issued by the Company during the period covered by our audit report.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**Y. K. Shankardass**  
*Partner.*

Membership No. F-5106

Mumbai : Mumbai  
Dated : June 3, 2009

## BALANCE SHEET

BALANCE SHEET  
AS AT 31 MARCH, 2009

	Schedule	2008-2009 Rupees	2007-2008 Rupees
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds:			
Share Capital	'A'	1,29,20,800	1,29,20,800
Reserves and Surplus	'B'	13,64,80,803	12,10,16,043
		<u>14,94,01,603</u>	<u>13,39,36,843</u>
Loan Funds:			
Secured Loans	'C'	8,43,27,267	9,48,03,836
Unsecured Loans	'D'	2,42,75,000	2,60,45,000
		<u>10,86,02,267</u>	<u>12,08,48,836</u>
Deferred Tax Liability (Net) (Note '11')		3,32,34,339	3,28,47,389
<b>TOTAL</b>		<u><u>29,12,38,209</u></u>	<u><u>28,76,33,068</u></u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets :	'E'		
Gross Block		21,20,92,621	21,49,61,335
Depreciation		9,04,11,477	8,58,53,361
Net Block		<u>12,16,81,144</u>	<u>12,91,07,974</u>
Investments	'F'	2,31,56,859	35,000
Net Working Capital			
Current Assets, Loans and Advances	'G'	27,20,54,139	27,82,05,385
Less: Current Liabilities and Provisions	'H'	12,56,53,933	11,97,15,291
		<u>14,64,00,206</u>	<u>15,84,90,094</u>
<b>TOTAL</b>		<u><u>29,12,38,209</u></u>	<u><u>28,76,33,068</u></u>
Notes on Accounts and Significant Accounting Policies	'N'		

**Auditors' Report to the Members of Cravatex Limited**

As per our report of even date

For **S. P. CHOPRA & CO.**  
Chartered Accountants**Rajesh Batra**  
Chairman**Arjun Bulchandani**  
Director**N. R. Mahalingam**  
Director**Rajiv Wallia**  
Executive Director**Y. K. Shankardass**  
Partner**S. D. Israni**  
Director**Nabankur Gupta**  
Director**H. K. Vakharia**  
Director**Kuldeep R. Sharma**  
Company Secretary

Place : Mumbai

Dated : June 3, 2009

## PROFIT AND LOSS ACCOUNT

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2009

	Schedule	2008-2009 Rupees	2007-2008 Rupees
<b>INCOME</b>			
Sales and Services (Note '7')		44,23,85,469	50,61,56,429
Other Income	'I'	5,81,84,974	2,00,38,380
<b>TOTAL</b>		<b>50,05,70,443</b>	<b>52,61,94,809</b>
<b>EXPENDITURE</b>			
Cost of Goods sold	'J'	27,49,78,479	31,05,12,318
Employees Remuneration and Benefits	'K'	4,34,58,744	3,97,74,560
Selling, Operating and Administrative expenses	'L'	13,44,98,187	13,09,47,991
Interest	'M'	1,23,77,069	1,38,37,426
Depreciation		86,12,523	95,00,003
<b>TOTAL</b>		<b>47,39,25,002</b>	<b>50,45,72,298</b>
<b>PROFIT</b>			
Profit before Taxation		2,66,45,441	2,16,22,511
Provision for taxation			
Current tax		(70,00,000)	(1,00,00,000)
Fringe Benefit-tax		(9,00,000)	(7,50,000)
Deferred Tax Credit/(Debit)		(3,86,950)	15,96,826
(Short)/Excess Provision for earlier years		1,12,868	—
Profit after Taxation		1,84,71,359	1,24,69,337
Add: Balance brought forward		1,69,74,905	1,47,96,638
<b>TOTAL</b>		<b>3,54,46,264</b>	<b>2,72,65,975</b>
<b>APPROPRIATIONS</b>			
Provision for Proposed Dividend		45,22,280	45,22,280
Provision for Tax on Proposed Dividend		7,68,790	7,68,790
Transfer to General Reserve		50,00,000	50,00,000
Balance carried to Balance Sheet (Schedule 'B')		2,51,55,194	1,69,74,905
<b>TOTAL</b>		<b>3,54,46,264</b>	<b>2,72,65,975</b>
Basic and Diluted Earning per Share (Note'12')		14.30	9.65

Notes on Accounts and Significant Accounting Policies 'M'

#### Auditors' Report to the Members of Cravatex Limited

As per Certificate appended to the Balance Sheet

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

**Rajesh Batra**  
Chairman

**Arjun Bulchandani**  
Director

**N. R. Mahalingam**  
Director

**Rajiv Wallia**  
Executive Director

**Y. K. Shankardass**  
Partner

**S. D. Israni**  
Director

**Nabankur Gupta**  
Director

**H. K. Vakharia**  
Director

**Kuldeep R. Sharma**  
Company Secretary

Place : Mumbai

Dated : June 3, 2009

## SCHEDULES — BALANCE SHEET

## SCHEDULES

Forming part of the Balance Sheet as at 31 March, 2009

	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'A' — SHARE CAPITAL</b>		
<b>Authorised:</b>		
1850000 Equity shares of Rs.10 each	1,85,00,000	1,85,00,000
15000 9.5% Redeemable Cumulative Preference shares of Rs. 100 each	15,00,000	15,00,000
	<u>2,00,00,000</u>	<u>2,00,00,000</u>
<b>Issued, Subscribed and Paid-up:</b>		
1292080 Equity shares of Rs. 10 each (Of the above shares 17000 Equity shares of Rs. 10 each were allotted to Vendors as fully paid-up pursuant to a contract without payment being received in cash and 252000 Equity shares of Rs. 10 each were allotted as fully paid-up by way of Bonus shares by Capitalisation of General Reserve)	1,29,20,800	1,29,20,800
	<u>1,29,20,800</u>	<u>1,29,20,800</u>
<b>SCHEDULE 'B' — RESERVES AND SURPLUS</b>		
<b>Export Profits Reserve:</b>		
Balance as per last Account	1,68,000	1,68,000
<b>Capital Reserve:</b>		
(Subsidy received from Govt.of Karnataka)		
Balance as per last Account	18,92,000	18,92,000
	<u>18,92,000</u>	<u>18,92,000</u>
<b>General Reserve:</b>		
Balance as per last Account	10,19,81,138	9,69,81,138
Adjustment on account of initial adoption of Accounting Standard 15 (Revised 2005) on (Employee Benefit) (Note '10')	22,84,471	—
	<u>10,42,65,609</u>	<u>9,69,81,138</u>
Add : Transfer from Profit and Loss Account	50,00,000	50,00,000
	<u>10,92,65,609</u>	<u>10,19,81,138</u>
<b>Profit and Loss Account:</b>		
As per Account Annexed	2,51,55,194	1,69,74,905
	<u>13,64,80,803</u>	<u>12,10,16,043</u>

## SCHEDULES — BALANCE SHEET

## SCHEDULES — Contd.

	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'C' — SECURED LOANS</b>		
<b>From Banks :</b>		
<b>(a) Axis Bank Ltd.</b>		
(i) Cash Credit Account (secured by first charge on all the current assets and equitable mortgage extended over the company's property at Prabhadevi, Mumbai)	7,86,91,428	7,99,35,846
(ii) Term Loan (secured by an exclusive first charge on fixed assets of the company except office premises at Nariman Point, Mumbai)	44,89,982	1,44,48,874
<b>(b) ICICI Bank Ltd.</b>		
Term Loan (secured by hypothecation of car) (Note '6a')	—	1,44,778
<b>(c) Citi Bank Ltd.:</b>		
Term Loan (secured by hypothecation of a car) (Note '6a')	1,97,425	2,74,338
<b>(d) From Others:</b>		
(secured by hypothecation of a car) (Note '6a')	9,48,432	—
	<u>8,43,27,267</u>	<u>9,48,03,836</u>
<b>SCHEDULE 'D' — UNSECURED LOANS</b>		
<b>Fixed Deposits</b>	<u>2,42,75,000</u>	<u>2,60,45,000</u>
	<u>2,42,75,000</u>	<u>2,60,45,000</u>

## SCHEDULES — BALANCE SHEET

## SCHEDULES — Contd.

## SCHEDULE 'E' — FIXED ASSETS

Amount in Rupees

Sr. No.	PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION (Note '22f')				NET BLOCK	
		As at 01.04.2008	Additions	Sales/ Adjustments	As at 31.03.2009	Upto 31.03.2008	For the year	Adjusted	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
1.	Goodwill (Note '5')	18,44,700	—	6,14,900	<b>12,29,800</b>	—	—	—	—	<b>12,29,800</b>	18,44,700
2.	Factory Building	13,05,990	—	—	<b>13,05,990</b>	4,03,486	43,620	—	<b>4,47,106</b>	<b>8,58,884</b>	9,02,504
3.	Other Building	8,93,76,985	—	—	<b>8,93,76,985</b>	1,93,17,330	14,56,540	—	<b>2,07,73,870</b>	<b>6,86,03,115</b>	7,00,59,655
4.	Plant & Machinery	59,79,881	—	11,99,013	<b>47,80,868</b>	47,98,403	1,52,704	6,52,500	<b>42,98,607</b>	<b>4,82,261</b>	11,81,478
5.	Spa Equipment	1,65,82,012	—	26,74,072	<b>1,39,07,940</b>	72,61,355	21,54,400	14,56,929	<b>79,58,826</b>	<b>59,49,114</b>	93,20,657
6.	Licences & Franchise	3,63,51,000	—	—	<b>3,63,51,000</b>	3,15,12,022	12,09,745	—	<b>3,27,21,767</b>	<b>36,29,233</b>	48,38,978
7.	Air Conditioning Plant & Units	58,61,362	3,92,889	2,19,548	<b>60,34,703</b>	14,01,113	3,10,646	1,07,764	<b>16,03,995</b>	<b>44,30,708</b>	44,60,249
8.	Furniture, Fixtures & Fittings	2,82,14,651	2,34,175	2,94,547	<b>2,81,54,279</b>	1,19,99,259	16,58,747	1,98,134	<b>1,34,59,872</b>	<b>1,46,94,407</b>	1,62,15,392
9.	Motor Vehicles	37,65,325	14,70,926	21,35,827	<b>31,00,424</b>	16,41,648	3,05,067	11,14,678	<b>8,32,037</b>	<b>22,68,387</b>	21,23,677
10.	Electrical Fittings	81,98,519	2,17,800	—	<b>84,16,319</b>	25,92,432	4,26,036	—	<b>30,18,468</b>	<b>53,97,851</b>	56,06,087
11.	Office & Factory Equipment	90,10,032	15,02,852	6,04,747	<b>99,08,137</b>	49,26,313	8,95,018	5,24,402	<b>52,96,929</b>	<b>46,11,208</b>	40,83,719
12.	Advance on Capital Account – Purchase of Property (Note '1d')	84,70,878	10,55,298	—	<b>95,26,176</b>	—	—	—	—	<b>95,26,176</b>	84,70,878
	Total	21,49,61,335	48,73,940	77,42,654	<b>21,20,92,621</b>	8,58,53,361	86,12,523	40,54,407	<b>9,04,11,477</b>	<b>12,16,81,144</b>	12,91,07,974
	Total (Previous year)	22,21,18,255	1,09,05,280	1,80,62,200	21,49,61,335	8,71,62,222	95,00,003	1,08,08,864	8,58,53,361	12,91,07,974	



## SCHEDULES — BALANCE SHEET

## SCHEDULES — Contd.

	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'F' — INVESTMENTS</b>		
<b>Other than Trade (At Cost, fully paid-up):</b>		
<b>Shares (Unquoted):</b>		
3500 Shares of the Saraswat Co-operative Bank Ltd. of Rs. 10 each	—	35,000
	<u>35,000</u>	<u>35,000</u>
<b>Trade Investments:</b>		
<b>Unquoted:</b>		
National Savings Certificate (Note '3b')	23,000	—
<b>Quoted:</b>		
(a) HDFC Arbitrage Fund		
998901.209 Units of Rs.10.011 each (NAV as on 31.03.09 Rs.1,00,28,968)	1,00,00,000	—
(b) Reliance Money Manager Fund		
4477.955 Units of Rs. 1006.9015 each (NAV as on 31.03.09 Rs. 45,15,021)	45,08,859	—
(c) Reliance Income Fund		
310732.708 Units of Rs. 11.2637 each (NAV as on 31.03.09 Rs. 31,73,451)	35,00,000	—
(d) Reliance Capital Asset Mgt Ltd – Debt PMS Non-Convertible Redeemable Debentures of Citifinancial Consumer Finance India Ltd. Series 338 (Market value as on 31.03.09 Rs. 50,00,000)	51,25,000	—
	<u>2,31,56,859</u>	<u>—</u>
	<u>2,31,56,859</u>	35,000
Aggregate value of quoted investments	<u>2,31,33,859</u>	<u>—</u>
Market value of quoted investments	<u>2,27,17,440</u>	<u>—</u>

## SCHEDULES — BALANCE SHEET

## SCHEDULES — Contd.

	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'G' — CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets:</b>		
Interest Accrued	54,040	3,368
Inventories: (As valued and certified by the management)		
Finished Goods (including spares) (AT lower of cost or net realisable value:)	7,29,98,786	7,58,19,036
Fabrics (at cost)	—	1,99,769
	<u>7,29,98,786</u>	<u>7,60,18,805</u>
Sundry Debtors (unsecured):		
Over six months:		
Considered good	27,59,046	12,95,484
Considered doubtful	3,16,921	—
	<u>30,75,967</u>	<u>12,95,484</u>
Others	6,33,70,602	9,48,42,356
	<u>6,64,46,569</u>	<u>9,61,37,840</u>
Less: Provision for doubtful debts	3,16,921	—
	<u>6,61,29,648</u>	<u>9,61,37,840</u>
Cash and Bank balances:		
Cash and cheques on hand	5,21,303	2,82,324
Balances with Scheduled Banks in:		
Current Accounts	2,47,92,813	1,58,27,140
Unpaid Dividend Accounts	5,02,957	4,87,167
Fixed Deposit Accounts (Note '3a')	4,00,000	50,000
	<u>2,62,17,073</u>	<u>1,66,46,631</u>
<b>Loans and Advances:</b>		
(Unsecured, considered good)		
Advances and amounts recoverable in cash or in kind or for value to be received (Note '4')	3,82,09,191	2,65,42,313
Due from a Director (Note '9a')	80,033	—
Advance with Customs authorities (Note '1f')	13,50,000	13,50,000
Security and other Deposits	2,23,22,175	2,20,68,459
Income-Tax and Wealth Tax paid (Note '1e')	4,46,93,193	3,94,37,969
	<u>10,66,54,592</u>	<u>8,93,98,741</u>
	<u>27,20,54,139</u>	<u>27,82,05,385</u>

## SCHEDULES — BALANCE SHEET

## SCHEDULES — Contd.

	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'H' — CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors (Note '2')	3,98,56,148	6,56,10,217
Advances and Security Deposits	4,78,91,936	1,38,30,413
Unpaid Dividends	5,02,957	4,87,167
Other Liabilities	43,67,284	61,05,236
	<u>9,26,18,325</u>	<u>8,60,33,033</u>
<b>Provisions:</b>		
For Taxation	2,81,43,790	2,50,43,790
For Gratuity (Note '10')	3,69,538	39,57,784
For Leave Salary	—	1,58,404
For Proposed Dividend	45,22,280	45,22,280
	<u>3,30,35,608</u>	<u>3,36,82,258</u>
	<u>12,56,53,933</u>	<u>11,97,15,291</u>

## SCHEDULES — PROFIT AND LOSS ACCOUNT

### SCHEDULES

Forming part of the Profit and Loss Account for the Year Ended 31 March, 2009

	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'I' — OTHER INCOME</b>		
Dividend	16,32,459	6,300
Interest (Tax deducted at source Rs.19,633 – previous year Rs. 9,388)	1,32,372	46,619
Installation charges, Design fees and Management-consultancy fees	21,55,000	39,22,514
Licence Fees	4,46,27,760	97,81,653
Profit on sale of Asset (net)	—	8,62,428
Profit on sale of Investments (net)	8,859	—
Duty Drawback	5,72,728	12,91,805
Miscellaneous Receipts	40,80,222	41,27,061
Refund of Custom duty (Earlier year)	49,75,574	—
	<u>5,81,84,974</u>	<u>2,00,38,380</u>
<b>SCHEDULE 'J' — COST OF GOODS SOLD</b>		
<b>Opening Stock:</b>		
Finished goods (including spares)	7,58,19,036	6,60,88,940
Fabrics	1,99,769	1,24,96,460
	<u>7,60,18,805</u>	<u>7,85,85,400</u>
<b>Add: Purchases</b>		
Labour & Development charges	—	23,83,032
	<u>34,79,77,265</u>	<u>38,65,31,123</u>
<b>Less: Closing Stock:</b>		
Finished goods (including spares)	7,29,98,786	7,58,19,036
Fabrics	—	1,99,769
	<u>7,29,98,786</u>	<u>7,60,18,805</u>
	<u>27,49,78,479</u>	<u>31,05,12,318</u>
<b>SCHEDULE 'K' — EMPLOYEES REMUNERATION AND BENEFITS (Note '9a')</b>		
Salaries, Wages, Bonus and Gratuity	3,84,96,116	3,55,78,244
Contributions to:		
Employees State Insurance Scheme	2,18,784	2,18,159
Provident, Family Pension and other Funds	28,47,167	24,48,181
Superannuation Scheme	5,17,800	2,24,000
Staff Welfare Expenses	13,78,877	13,05,976
	<u>4,34,58,744</u>	<u>3,97,74,560</u>

## SCHEDULES — PROFIT AND LOSS ACCOUNT

### SCHEDULES — Contd.

	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'L' — SELLING, OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Stores, Spares and Packing materials consumed	18,32,882	11,27,170
Transportation charges	1,76,43,337	1,92,20,652
Power and Fuel	40,69,269	36,21,997
Rent	3,99,38,546	2,68,54,073
Rates and Taxes	2,45,384	23,63,929
Insurance	9,76,093	12,14,055
Postage, Telephones and Telex	37,46,177	43,99,055
Travelling and Conveyance	97,25,463	1,06,47,605
Printing and Stationery	21,98,417	15,56,044
Donations	—	201
Other expenses	1,15,74,055	97,04,538
Repairs to:		
Machinery	5,500	19,398
Buildings	6,50,923	46,690
Others	68,25,480	45,63,330
Advertisement and Publicity	1,80,84,772	2,25,45,162
Commission and Brokerage	75,20,652	52,92,352
Royalty	—	51,72,027
Auditors' Remuneration: (Note '8')	3,13,500	1,85,000
Bad Debts	4,37,272	4,53,025
Directors' Fees	3,15,000	1,30,000
Professional and Legal charges (Note '9b')	45,89,793	36,62,975
Sales Tax paid	23,21,712	3,54,177
Deferred Revenue expenditure	—	23,17,722
Pre-Commencement expenditure	—	41,23,565
Goodwill amortised (Note '5')	6,14,900	6,14,900
Obsolete Asset	—	1,71,560
Loss on Sale Of Assets (Net)	8,15,841	—
Debits of Earlier Years (Net)	53,219	5,86,789
	<b>13,44,98,187</b>	<b>13,09,47,991</b>
<b>SCHEDULE 'M' — INTEREST</b>		
On Fixed Loans from Banks	10,62,558	26,63,514
On Fixed Deposits and Others	1,13,14,511	1,11,73,912
	<b>1,23,77,069</b>	<b>1,38,37,426</b>

## NOTES ON ACCOUNTS

**Schedules forming part of the Balance Sheet as at 31 March, 2009 and Profit and Loss Account for the year ended on that date.**

### SCHEDULE 'N' — NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

1. The Company is contingently liable in respect of:
  - (a) Bank guarantees given to the extent of Rs.9,18,523 (Previous year Rs.9,99,719)
  - (b) Letters of credit outstanding to the extent of Rs.98,51,666 (Previous year Rs.3,26,85,916)
  - (c) Labour Claim of an earlier year disputed by the Company against which Rs.1,75,000 has been deposited with The High Court, Mumbai.
  - (d) Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) is Rs.16,20,132 (Previous year Rs. 26,75,430.)
  - (e) (i) Demands for Wealth Tax for the assessment years 1997-98 & 1998-99 amounting to Rs.51,25,378 (Previous year Rs.51,25,378) raised by the Tax authorities have been disputed by the Company and appeals filed with the relevant authority. The Company has however deposited the demand amounts in full.
  - (ii) Demands of Rs.14,92,158, Rs.68,06,535 and Rs.39,02,193 raised by the Tax authorities for Income-tax for the assessment years 2000-2001, 2002-2003 and 2003-2004 respectively have been disputed by the Company and appeals filed with the relevant authority. The Company has however deposited the demand amounts in full for assessment years 2000-01, 2003-04 and Rs.45,36,612 for the assessment year 2002-03.
  - (f) (i) Demand of Rs.13,50,000 raised by the customs authorities for goods imported has been disputed by the Company against which the full amount has been deposited under protest.
  - (ii) Bond for Rs.1.20 crore executed with the Customs authorities for demand raised by the authorities which has 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.
  - (g) Demand of Rs.19,98,055 (Previous year Rs.15,66,683) raised by the New Maker Chambers IV Premises Co-operative Society Ltd, Mumbai for the difference in BMC tax from 01.04.2000 to 31.03.2009, which has been disputed by the Company.
2. Amounts if any due to Micro Enterprises, Small Enterprises and Medium Enterprises under Micro Enterprises, Small Enterprises and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.
3. (a) Fixed Deposit Account with a Bank include Rs.4,00,000 (Previous year Rs.50,000) earmarked against repayment of public deposits.
- (b) National Savings Certificate is held in the name of an employee of the company as under lien of sales tax authorities of Rajasthan.
4. Advances and amounts recoverable include Rs.2,19,79,708 due as on 31 March 2009 (Previous year Rs.2,38,67,317) from a third party in terms of Contract of Engagement with this party as a Consultant. This contract was terminated by mutual agreement with effect from 1 April 2007. In opinion of the management this amount is considered good for recovery.
5. Goodwill:  
In accordance with the Accounting Standard 26 (Intangible Assets) Goodwill is being amortised over a period of ten years.
6. (a) Finance Lease :  
The Company has taken on finance lease, cost of assets having an aggregate value of

## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

Rs.42,33,934 (Previous year Rs.30,85,184) against which the future obligations aggregate to Rs.13,39,506 (Previous year Rs.4,98,366), including lease charge Rs.1,93,649 (Previous year Rs.79,250) and the same are payable as under:

Period	Minimum Lease Payment		Present Value	
	2008-2009 Rupees	2007-2008 Rupees	2008-2009 Rupees	2007-2008 Rupees
Not later than 1 year	5,65,272	1,78,200	4,43,991	1,37,369
Later than 1 year but not later than 5 years	7,74,234	3,20,166	7,01,866	2,81,747

## (b) Operating Lease :

The Company has taken certain premises on operating lease, the minimum future lease rentals payable on which are as follows:

Period	Minimum Lease Payment	
	2008-2009 Rupees	2007-2008 Rupees
Not later than 1 year	3,18,85,153	1,77,03,516
Later than 1 year but not later than 5 years	15,98,91,303	7,46,69,266
Later than 5 years	6,55,84,341	3,90,85,897

7. Sales and Services are reported net of trade and turnover discount to dealers and commission on consignment sales.
8. Particulars of Auditors' Remuneration:

	2008-2009 Rupees	2007-2008 Rupees
Audit fee	80,000	80,000
Tax Audit fee	25,000	22,500
Certification and other fees	1,78,500	37,500
Branch Audit fee:		
Audit fee	25,000	25,000
Tax Audit fee	5,000	10,000
Certification and other fee	—	10,000
	<b>3,13,500</b>	<b>1,85,000</b>

9. (a) Particulars of Directors' Remuneration:

Wholetime Director  
Salary, bonus and allowances  
Provident, Pension and Superannuation Fund Contribution

**2008-2009  
Rupees**

30,47,096  
4,68,168

**35,15,264**

## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

Mr. Rajiv Wallia was appointed as a Whole-time Director of the Company with effect from 12 June 2008 and the remuneration payable to him was approved by the Central Government vide its Letter dated 25 March 2009. The remuneration drawn by Mr. Rajiv Wallia upto 31 March 2009 is in excess of the limit approved by the Central Government. The Company has made a representation to the Government seeking certain clarifications on the terms of the approval. Pending reply from the Government on this issue, this amount has since been refunded by the Director.

- (b) Professional and legal charges include Rs.6,00,000 (previous year Rs.6,00,000) paid as consultancy charges to a Director of the Company.

## 10. Retirement benefit:

The following tables summarises the components of the net benefit expenses recognised in the Profit and Loss Account, the fund status and amount recognised in the Balance sheet for the gratuity benefit plan. Since the current year is the first year of adoption of the Accounting Standard 15 (Revised 2005), by the Company, the previous years comparative information has not been furnished.

<b>Gratuity Liability</b>	<b>2008-2009 Rupees</b>
(i) Profit and Loss Account	
Current Services cost	4,11,012
Interest Cost	1,95,488
Expected return on plan assets	(2,09,475)
Net Actuarial (gain)/Loss recognized in the year	4,28,030
Expenses recognized in statement of Profit and loss account	<u>8,25,055</u>
(ii) Balance sheet	
Present value of obligations as at the end of the year	34,78,125
Fair value of plan assets as at the end of the year	31,08,587
Funded status	<u>(3,69,538)</u>
Net Asset/ (Liability) recongized in balance sheet	<u>(3,69,538)</u>
(iii) Change in the fair value of plan assets	
Fair value of plan assets at the beginning of year	19,85,380
Expected return on plan assets	2,09,475
Contribution	9,13,732
Benefits paid	Nil
Acturial (gain)/Loss on Plan assets	Nil
Fair value of plan assets at the end of year	<u>31,08,587</u>
(iv) Change in present value of obligations	
Present value of obligations as at the beginning of year	24,43,595
Interest cost	1,95,488
Current Service Cost	4,11,012
Benefits Paid	Nil
Acturial (gain)/Loss on obligations	4,28,030
Present value of obligations as at the end of year	<u>34,78,125</u>



## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

## 11. Deferred Tax Liability (net):

	2008-2009 Rupees	2007-2008 Rupees
Deferred tax liability:		
Depreciation on fixed assets	3,37,99,460	3,45,93,179
Deferred tax asset:		
On expenses debited to the Profit and Loss Account during the year but allowable as deductible expenses for tax purpose in the subsequent years as reduced by the claim allowable in the current year in respect of such expenses on payment basis	5,65,121	17,45,790
	<u>3,32,34,339</u>	<u>3,28,47,389</u>

## 12. Earning per Share:

	2008-2009 Rupees	2007-2008 Rupees
Net Profit after taxation (in Rs.)	1,84,71,359	1,24,69,337
Weighted average number of equity shares	12,92,080	12,92,080
Earning per share-Basic & Dilluted (in Rs.)	14.30	9.65
Nominal value per equity share (in Rs.)	10	10

## 13. Related Party Transactions :

Details of transactions with Related Parties.

Particulars of transaction	Transactions	
	2008-2009 Rupees	2007-2008 Rupees
Income/Receipts		
Sourcing Fees	—	1,06,07,062
Sale of Fixed assets	—	5,25,200
Intercorporate deposit taken	—	2,15,00,000
Expenses		
Purchase of goods	4,90,013	9,17,784
Interest paid	19,31,128	28,24,774
Royalty paid	—	49,41,817
Director Remuneration	35,15,264	—
Salaries	4,91,696	—
Professional fees	6,00,000	6,00,000
Other expenses	14,83,200	—
Payables/Receivables		
Outstanding at the year end as Payable	—	32,07,384

## NOTES ON ACCOUNTS

### SCHEDULE 'M' — Contd.

(A) Companies and Firms in which some directors of this company are interested as directors or partners:

- (1) Proline India Limited,
- (2) Proline Exports Pvt. Ltd.,\*
- (3) Proline International Ltd. (U.K.),\*
- (4) Promark Fitness & Leisure Pvt. Ltd.,\*
- (5) Crav Apparels Pvt. Ltd.,\*
- (6) M/s Big Time Exports
- (7) Rajesh Rajeev Investments Pvt. Ltd.,

\*No Transaction during the year

(B) Shareholders/Directors and Key Management Personnels

- (1) Mr. Rajesh Batra
- (2) Mr. Rajiv Batra
- (3) Mrs. Prathima Batra
- (4) Mrs. Sujaya Batra
- (5) Mrs. Jamna Batra
- (6) Mrs. Raj Batra
- (7) Ms. Divya Batra
- (8) Mr. Rohan Batra
- (9) Mr. N.R. Mahalingam
- (10) Mr. Rajiv Wallia
- (11) Mr. Nabankur Gupta

#### 14. Segment Reporting :

The Company operates in two segments i.e. readymade garments and fitness equipment/sports goods. The Company has certain revenues and expenditures which are unrelated to the business segments and therefore have been identified under others.

## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

Details of primary segment :

Sl. No.	Particulars	Year ended 31st March, 2009 Rupees	Year ended 31st March, 2008 Rupees
1	<b>Segment Revenue :</b>		
	External Sales and Services		
	— Readymade Garments	18,45,289	3,25,41,068
	— Fitness Equipment/Sports goods	44,99,07,789	48,03,27,694
	— Others	4,88,17,365	1,33,26,047
	Inter segment Sales and Services	—	—
	<b>Total Segment Revenue</b>	<b>50,05,70,443</b>	<b>52,61,94,809</b>
2	<b>Segment Results :</b>		
	(Before Tax and interest)		
	— Readymade Garments	(13,01,894)	(4,19,840)
	— Fitness Equipment/Sports goods	36,88,956	2,96,64,701
	— Others	3,66,35,448	62,15,076
	Operating Profit	3,90,22,510	3,54,59,937
	Less : Interest Expense	1,23,77,069	1,38,37,426
	Profit after interest	2,66,45,441	2,16,22,511
	Less : Income Tax (Net)	81,74,082	91,53,174
	<b>Net Profit</b>	<b>1,84,71,359</b>	<b>1,24,69,337</b>
3	<b>Other informations :</b>		
	Segment Assets :		
	— Readymade Garments	16,93,401	50,46,341
	— Fitness Equipment/Sports goods	25,42,37,094	28,33,91,332
	— Others	11,62,68,454	7,94,72,717
	Unallocable assets	4,46,93,193	3,94,37,969
	<b>Total Assets</b>	<b>41,68,92,142</b>	<b>40,73,48,359</b>
4	<b>Segment Liabilities :</b>		
	— Readymade Garments	1,53,457	30,86,053
	— Fitness Equipment/Sports goods	4,86,12,584	7,38,11,903
	— Others	4,37,18,865	1,27,64,098
	Unallocable corporate liabilities	3,31,69,027	3,00,53,237
	<b>Total Liability</b>	<b>12,56,53,933</b>	<b>11,97,15,291</b>
5	<b>Capital Expenditure (Addition to Fixed Asset) :</b>		
	— Readymade Garments	—	44,380
	— Fitness Equipment/Sports goods	45,32,303	1,07,99,499
	— Others	3,41,637	61,401
	<b>Total Addition to Fixed Assets</b>	<b>48,73,940</b>	<b>1,09,05,280</b>
6	<b>Depreciation :</b>		
	— Readymade Garments	1,97,758	4,89,797
	— Fitness Equipment/Sports goods	59,48,962	65,11,175
	— Others	24,65,803	24,99,031
	<b>Total Depreciation</b>	<b>86,12,523</b>	<b>95,00,003</b>

NOTES ON ACCOUNTS

SCHEDULE 'M' — Contd.

15. Quantitative information in respect of Goods manufactured:

	Unit	2008-2009	2007-2008
Licensed Capacity		Not Applicable	Not Applicable
Installed Capacity	Pcs	2,20,000 (per annum)	2,20,000 (per annum)
Actual Production: Garments (including outsourced)	Pcs	Nil	78,541
Accessories	Pcs	Nil	5,112

16. Consumption and Sales of Raw materials:

	Unit	Quantity	2008-2009 Amount Rupees	Quantity	2007-2008 Amount Rupees
Opening Stock :					
Fabrics	Mtrs.	327	47,138	44,081	37,49,621
	Kgs.	2,960	1,52,631	67,608	34,85,646
Consumables			—		52,61,193
			<u>1,99,769</u>		<u>1,24,96,460</u>
Purchases :					
Fabrics	Mtrs.		—	—	—
	Kgs.		—	—	—
Consumables			—		12,31,925
Labour charges			—		23,83,032
			—		<u>36,14,957</u>
Closing Stock :					
Fabrics	Mtrs.		—	327	47,138
	Kgs.		—	2,960	1,52,631
Consumables			—		—
			—		<u>1,99,769</u>
Sales :					
Fabrics	Mtrs.	327	47,138	—	—
	Kgs.	2,960	1,39,778	—	—
			<u>1,86,916</u>		—
Consumption :					
Fabrics	Mtrs.	—	—	43,754	37,02,483
	Kgs.	—	—	64,648	33,33,015
Consumables			—		64,93,118
Labour charges			—		23,83,032
			—		<u>1,59,11,648</u>

## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

	Unit	Quantity	2008-2009 Amount Rupees	Quantity	2007-2008 Amount Rupees
17. Particulars of Finished goods traded in :					
Opening Stock :					
Garments	Pcs.	—	—	2,915	2,18,625
Sports Goods	Nos.	70,447	1,66,30,603	68,973	2,12,75,554
Fitness Equipment	Nos.	10,436	5,56,74,391	3,642	3,93,86,222
Others (Spares and Consumables)		—	35,14,042	—	52,08,539
			<u>7,58,19,036</u>		<u>6,60,88,940</u>
Purchases :					
Garments	Pcs.	—	—	—	—
Sports Goods	Nos.	3,61,228	7,69,43,986	3,95,538	8,98,34,662
Fitness Equipment	Nos.	11,527	18,87,51,545	19,162	21,08,11,463
Others (Spares and Consumables)		—	62,62,929	—	36,84,641
			<u>27,19,58,460</u>		<u>30,43,30,766</u>
Sales :					
Garments	Pcs.	—	—	86,568	1,86,84,184
Sports Goods	Nos.	3,59,707	10,42,49,834	3,94,064	12,75,06,298
Fitness Equipment	Nos.	14,119	32,32,62,701	12,368	33,69,51,481
Others (Spares and Consumables)		—	58,62,747	—	43,27,118
			<u>43,33,75,282</u>		<u>48,74,69,081</u>
Closing Stock :					
Garments	Pcs.	—	—	—	—
Sports Goods	Nos.	71,968	1,63,92,331	70,447	1,66,30,603
Fitness Equipment	Nos.	7,844	5,09,90,916	10,436	5,56,74,391
Others (Spares and Consumables)		—	56,15,539	—	35,14,042
			<u>7,29,98,786</u>		<u>7,58,19,036</u>
18. Services rendered			<u>88,23,271</u>		<u>1,86,87,349</u>
19. Particulars of Consumption :					
Raw materials :		%	2008-2009 Amount	%	2007-2008 Amount
Imported		—	—	26.67	42,42,947
Indegenous		—	—	73.33	1,16,68,701
		—	—	<u>100.00</u>	<u>1,59,11,648</u>

## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

## 20. Foreign currency transactions :

	2008-2009 Rupees	2007-2008 Rupees
(a) CIF Value of Imports		
Finished Goods	19,58,32,327	14,15,70,710
Spares	34,51,580	28,23,032
(b) Expenditure in foreign currency [on payment basis (subject to deduction of tax where applicable)]		
Travelling expenses	3,22,677	18,39,557
Royalty	37,63,402	67,15,158
(c) Earnings :		
FOB value of exports	31,48,236	2,05,54,057
Freight charges	—	3,51,380
Distribution margin received	6,93,683	38,95,685
Royalty received	6,53,514	7,32,539
Sourcing Fees	—	1,15,87,374

21. Previous years figures have been regrouped wherever necessary to conform to this years classifications.

## 22. Significant Accounting Policies :

## (a) General

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

## (b) Revenue Recognition

Expenses and income considered payable and receivable have been accounted for on accrual basis.

## (c) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation

## (d) Investments are stated at the cost of acquisition.

## (e) Inventories

Finished Goods (including spares) - At cost or net realisable value whichever is lower, cost being the actual purchase price and other costs that are necessary to bring the inventories to the present location and condition.

Fabrics - At cost

## (f) Depreciation

Depreciation is provided on straightline method at the rates and in the manner as specified in Schedule XIV of the Companies Act, 1956 except:

- in the case of Licenses and Franchise, depreciation has been charged on written down value method at the rate of 25% as specified for Intangible Assets under the Income-tax Rules.
- in the case of Fixed Assets of Bangalore unit, depreciation has been charged on written down value method.

## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

- In the case of Spa Equipment, which are depreciated over a period of 7 years on straight line method.

## (g) Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the prevailing exchange rate on the date of negotiation of bills. Current assets and current liabilities in foreign currency are stated at the exchange rate prevailing as on 31 March, 2009 and the difference is recognised in the Profit and Loss Account. Where the Company has entered into forward exchange contract the liability is recorded at the contract rate. The difference between the contracted rate and the rate at the date of transaction, except for the fixed assets, is recognised in the Profit and Loss Account over the period of the contract.

## (h) Retirement Benefits

- (i) Provision for Gratuity has been accounted as per the actuarial valuation done by Life Insurance Corporation of India (LIC) in accordance with Accounting Standard on Retirement Benefits.(AS-15 revised) and with corresponding payment to LIC.
- (ii) Amount payable on account of leave encashment is on actual basis.

## (i) Leases:

- (i) Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.
- (ii) Lease payments under operating lease are recognised as an expense in the Profit and Loss Account on straight line basis over the lease term.

## (j) Taxation:

Provision for Income-tax comprises current tax and Fringe Benefit Tax based on the liability computed after considering tax allowances and exemptions. Deferred tax recognised, subject to consideration of prudence in respect of deferred tax assets, at the rate of income tax prevailing on the balance sheet date on timing difference, being the difference between the taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

## NOTES ON ACCOUNTS

## SCHEDULE 'M' — Contd.

## 23. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I. Registration Details</b>		
Registration No.		8546
State Code		11
Balance Sheet date		31.03.2009
<b>II. Capital Raised during the year</b>	<b>(Amount in Rs. Thousands)</b>	
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
<b>III. Position of Mobilisation and Deployment of Funds</b>	<b>(Amounts in Rs. Thousands)</b>	
Total Liabilities		2,91,238
Total assets		2,91,238
<b>Source of funds</b>		
Paid-up Capital		12,921
Reserve & Surplus		1,36,481
Secured Loans		84,327
Unsecured Loans		24,275
Deferred Tax Liability (Net)		33,234
<b>Application of Funds</b>		
Net fixed Assets		1,21,681
Investments		23,157
Net Current Assets		1,46,400
Misc. Expenditure		NIL
Accumulated Losses		NIL
<b>IV. Performance of Company</b>	<b>(Amount in Rs. Thousands)</b>	
Turnover (Including Other Income)		5,00,570
Total Expenditure		4,73,925
Profit Before Tax		26,645
Profit After Tax and deferred tax credit		18,471
Earning per Share (Basic) in Rs		1,430
Dividend rate %		35
(Dilluted) in Rs		N.A
<b>V. Generic Names of Three Principal Products</b>	<b>(As per monetary terms)</b>	
Item Code No. (ITC Code)		590696
Product Description		COTTON KNITTED GARMENTS
Item Code No. (ITC Code)		950691.01
Product Description		EXERCISE EQUIPMENT
Item Code No. (ITC Code)		640419.01
Product Description		SHOES

## SIGNATURES TO SCHEDULES 'A' TO 'M'

<b>Rajesh Batra</b> <i>Chairman</i>	<b>Arjun Bulchandani</b> <i>Director</i>	<b>N. R. Mahalingam</b> <i>Director</i>	<b>Rajiv Wallia</b> <i>Executive Director</i>
<b>S. D. Israni</b> <i>Director</i>	<b>Nabankur Gupta</b> <i>Director</i>	<b>H. K. Vakharia</b> <i>Director</i>	<b>Kuldeep R. Sharma</b> <i>Company Secretary</i>

Place : Mumbai  
Dated : June 3, 2009



## CASH FLOW

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2009

	2008-2009 Rupees	2007-2008 Rupees
<b>A Cash flow from operating activities</b>		
Net profit before taxation and extraordinary item	2,66,45,441	2,16,22,511
Adjustments for:		
Depreciation	86,12,523	95,00,003
Goodwill amortised	6,14,900	6,14,900
Interest income	(1,32,372)	(46,619)
Dividend income	(16,32,459)	(6,300)
Interest expenses	1,23,77,069	1,38,37,426
Operating profit before working capital changes	4,64,85,102	4,55,21,921
Adjustments for:		
(Increase)/Decrease in Sundry debtors	3,00,08,193	(1,38,66,446)
(Increase)/Decrease in Inventories	30,20,019	25,66,595
(Increase)/Decrease in Loans & Advances	(1,20,00,628)	38,96,082
Increase/(Decrease) in Current Liabilities	50,94,091	38,50,240
Cash generated from operations	7,26,06,777	4,19,68,392
Interest paid	(1,23,63,837)	(1,38,30,350)
Direct taxes paid (Net of refunds) (including deferred tax)	(1,07,11,146)	(1,43,99,724)
Net cash from operating activities	4,95,31,794	1,37,38,318
<b>B Cash flow from investing activities</b>		
Additions to Fixed assets	(48,73,940)	(1,09,05,280)
Sale of Fixed assets	36,88,247	72,53,336
Amortisation of Goodwill	(6,14,900)	(6,14,900)
Purchase of Investments (Net)	(2,31,21,859)	—
Dividend received	16,32,459	6,300
Interest received	81,700	1,37,961
Net cash from/(used in) investing activities	(2,32,08,293)	(41,22,583)
<b>C Cash flow from financing activities</b>		
Repayment of Borrowings	(1,22,46,569)	(52,20,152)
Dividend paid	(45,06,490)	(44,88,312)
Net cash from/(used in) financing activities	(1,67,53,059)	(97,08,464)
Net cash flows during the year (A+B+C)	95,70,442	(92,729)
Cash and cash equivalents (opening balance)	1,66,46,631	1,67,39,360
Cash and cash equivalents (closing balance)	2,62,17,073	1,66,46,631

As per our separate report of even date

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

**Rajesh Batra**  
Chairman

**Arjun Bulchandani**  
Director

**N. R. Mahalingam**  
Director

**Rajiv Wallia**  
Executive Director

**Y. K. Shankardass**  
Partner

**S. D. Israni**  
Director

**Nabankur Gupta**  
Director

**H. K. Vakharia**  
Director

**Kuldeep R. Sharma**  
Company Secretary

Place : Mumbai

Dated : June 3, 2009