



68TH Annual Report
2019 - 20

BOARD OF DIRECTORS AND GENERAL INFORMATION

Board of Directors

Rajesh Batra	– <i>Chairman & Managing Director</i>
S. D. Israni	– <i>Independent Director</i>
N. Santhanam	– <i>Independent Director</i>
Pheroza Jimmy Bilimoria	– <i>Independent Director</i>
Rajiv Batra	– <i>Non-executive Director (ceased w.e.f. March 30, 2020)</i>
Divakar G. Kamath	– <i>Additional Director designated as Executive Director and CFO (w.e.f April 1, 2020)</i>
Rohan Batra	– <i>Additional Director (w.e.f April 1, 2020)</i>

Auditors

GPS & Associates
105-106, Shyamkamal, 'D' Building
Agarwal Market
Vile Parle (East), Mumbai-400 057.

Registrars & Share Transfer Agents

Sharex Dynamic (India) Private Limited

(from May 18, 2019)
C 101, 247 Park, LBS Marg
Vikhroli (West), Mumbai-400 083.

(Upto May 17, 2019)
Unit No.1, Luthra Industrial Premises
Safed Pool, Andheri Kurla Road
Andheri (East), Mumbai-400 072.

Bankers

HDFC Bank Limited

Chief Financial Officer

Divakar G. Kamath

Company Secretary

Sudhanshu Namdeo

Registered Office

(from December 1, 2019)
2nd Floor, Matulya Center
Senapati Bapat Marg
Lower Parel (West), Mumbai-400 013.

(upto November 30, 2019)
4th Floor, Sahas, 414/2, Veer Savarkar Marg
Prabhadevi, Mumbai-400 025.

Contents

Financial Highlights	2	Cash Flow Statement	57
Notice	3	Notes to Financial Statement	58
Board's Report	17	Consolidated Auditors' Report	91
Management Discussion & Analysis Report	31	Consolidated Balance Sheet	96
Report on Corporate Governance	33	Consolidated Profit and Loss Statement	97
Auditors' Report	47	Consolidated Cash Flow Statement	99
Balance Sheet	54	Notes to the Consolidated Statement	100
Profit & Loss Statement	55		

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)				
	2019-20	2018-19	2017-18	2016-17	2015-16
	IND AS				IGAAP
Equity Share Capital	258	258	258	258	258
Reserves and Surplus	3049	2926	2727	2659	2988
Net Worth	3307	3184	2986	2918	3247
Fixed Assets*	1621	1646	2260	2265	4797
Depreciation*	789	714	1234	1144	2092
Net Block*	832	932	1026	1120	2705
Turnover	242	104	74	15697	18591
Earning / (Loss) before Taxes	255	295	32	(660)	(901)
Final Dividend	26 (10%)	52 (20%)	26 (10%)	— —	— —
Interim Dividend	52 (20%)	— —	— —	— —	— —
Earning / (Loss) Per Share	8.98	8.76	1.63	(12.20)	(35.70)

* Includes Tangible Assets, Intangible Assets & Investment Property

NOTICE OF ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the 68th (Sixty Eighth) Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Thursday, August 13, 2020 at 3.30 p.m. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the business as mentioned below. The venue of the meeting shall be deemed to be at Matulya Center, 2nd Floor, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013.

ORDINARY BUSINESS

1. To consider and adopt :
 - (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2020 including Audited Balance Sheet as at March 31, 2020 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) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 including Audited Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss, Cash Flow Statement for the year ended on that date together with Reports of the Auditors thereon
2. To confirm the payment of Interim Dividend on the Equity Shares for the financial year 2019-20.
3. To declare a final dividend on 4% Non-convertible Cumulative Redeemable Preference Shares for the financial year 2019-20.
4. To declare a final dividend on the Equity Shares for the financial year 2019-20.
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.

SPECIAL BUSINESS

6. **To appoint Mr. Divakar G. Kamath (DIN: 08730430) as the Director of the Company designated as Executive Director and Chief Financial Officer :**

To consider and, if thought fit, to pass the following resolutions as **Ordinary Resolution**

RESOLVED THAT pursuant to the provision of Section 149, 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and others Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Associations of the Company, and as recommended by the Nomination and Remuneration Committee as per Section 178 of the Companies Act, 2013, Mr. Divakar Kamath (DIN: 08730430) who was appointed as Additional Director of the Company, designated as Executive Director and Chief Financial Officer with effect from April 1, 2020 and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received notice in writing under Section 160 of the Act from the Director proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company, designated as Executive Director and Chief Financial Officer, not liable to retire by rotation.

RESOLVED FURTHER THAT any Director or Key Managerial Personnel of the Company be and are hereby severally authorized on behalf of the Company to do all such acts, matters and things to give effect to this resolution.”

7. **To appoint Mr. Rohan Batra (DIN: 02574195) as a Director of the Company:**

To consider and, if thought fit, to pass the following resolutions as **Ordinary Resolution**

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, and as recommended by the Nomination and Remuneration Committee as per Section 178 of the Companies Act, 2013, Mr. Rohan Batra (DIN : 02574195) who was appointed as an Additional Director of the Company with effect from April 1, 2020 by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom

NOTICE OF ANNUAL GENERAL MEETING

the Company has received a notice in writing under Section 160 of the Act from the Director proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation;

RESOLVED FURTHER THAT any Director or Key Managerial Personnel of the Company be and are hereby severally authorized on behalf of the Company to do all such acts, matters and things to give effect to this resolution.”

8. **To re-appointment Mrs. Pheroza Jimmy Bilimoria (DIN 00191386) as an Independent Director for a second term of 5 (five) consecutive years:**

To consider and, if thought fit, to pass the following resolutions as **Special Resolution**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, and as recommended by the Nomination and Remuneration Committee as per Section 178 of the Companies Act, 2013, Mrs. Pheroza Jimmy Bilimoria (DIN: 00191386), who was appointed as Independent Director and who holds office upto August 13, 2020 and in respect of whom the Company has received notice in writing under Section 160 of the Act from the Director proposing her candidature for the office of director and who has submitted a declaration that she meets the criteria of Independence as provided under Section 149 of Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 and who is eligible for re-appointment as an independent director and based on the evaluation of performance, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for second term of 5 (five) consecutive years on the Board of the Company with effect from August 14, 2020 upto August 13, 2025.”

RESOLVED FURTHER THAT any Director or Key Managerial Personnel of the Company be and are hereby severally authorized on behalf of the Company to do all such acts, matters and things to give effect to this resolution.”

By Order of the Board of Directors

Sudhanshu Namdeo
Company Secretary

Place : Mumbai

Dated : June 29, 2020

CIN : L93010MH1951PLC008546

Registered Office:

Matulya Center, 2nd Floor

Senapati Bapat Marg

Lower Parel (W), Mumbai - 400013.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24973210

E-mail: investors@cravatex.com

Website: www.cravatex.com

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 "SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

National Securities Depositories Limited ('NSDL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility.
2. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. A statement giving the details of the Director seeking appointment/re-appointment under Item No. 5, 6, 7 & 8 of the accompanying Notice, as required under Regulation 26(4), Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standard-2 on General Meetings, are provided in annexure attached herewith.
4. SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, members are requested to take action to dematerialize their Equity Shares in the Company, promptly.
5. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 6 to 8 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
6. The Board of Directors in its meeting held on February 12, 2020 declared (which stands disbursed) an Interim Dividend of Rs.2/- (20%) per Equity Share of Rs.10/- each for the Financial Year 2019-20 payable to those Members whose name appears in the Register of Members/ Depository Participant as on February 27, 2020.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 7, 2020 to Thursday, August 13, 2020 (both days inclusive) for the purpose of determining Members eligible for dividend on Equity Shares, if approved by the Members.
8. The dividend on Equity Shares, if declared at the Annual General Meeting, will be paid on or after August 13, 2020 to Members whose names appear on the record of Depositories [National Securities Depository Limited and Central Depository Services (India) Limited] on August 6, 2020 (for shares held in demat mode) and in the Register of Members of the Company (for shares held in physical mode) updated as on August 6, 2020. The dividend will be paid to the Members within the stipulated time.
9. Members are requested to immediately notify any change in their name, registered address, email id, telephone/mobile numbers, permanent account number (PAN), nominations, power of attorney, bank mandate viz. name and address of the branch of the bank, MICR code of the branch, account number with blank cancelled cheque to their Depository Participant (DP) quoting their Client IDs in case of shares held in demat form and to the Registrars and Share Transfer Agents of the Company quoting their Folio Number in case of shares held in physical form.
10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company at least 7 days before the Annual General Meeting through email on investors@cravatex.com. The same will be replied by the Company suitably.
11. Unclaimed dividends for the financial year ended March 31, 2013 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, 2013 till the year ended March 31, 2019 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 67th Annual General Meeting (AGM) held on August 14, 2019, 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.

NOTICE OF ANNUAL GENERAL MEETING

12. 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.
13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Depository Participant (DP)/Registrar & Share Transfer Agents. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.cravatex.com, websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the website of NSDL <https://www.evoting.nsdl.com>. Members who have not registered their email address so far are requested to register their e-mail address with the Depository Participant (DP)/Registrar & Share Transfer Agents of the Company for receiving all communications from the Company electronically. In case you have not registered your email id with the DP / RTA please access the link https://linkintime.co.in/EmailReg/Email_Register.html to temporarily register your email id for obtaining Annual Report 2019-20 and e-voting login details therein.
14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
15. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For the prescribed rates for various categories, the Members are requested to refer to the Finance Act, 2020 and amendments thereof. The Members are requested to update their PAN with the Registrar and Share Transfer Agents (in case of shares held in physical mode) and with Depository Participant (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by August 6, 2020 by accessing the link <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>. Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident Members can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by August 6, 2020 by accessing the link <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

16. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
17. Since the AGM will be held through VC / OAVM, the Route Map is not being annexed to this Notice.
18. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.
19. 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.
20. The remote e-voting period commences on Monday, August 10, 2020 (9:00 a.m. IST) and ends on Wednesday, August 12, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Thursday, August 6, 2020 i.e. cut-off date, may cast their vote electronically.

The e-voting module shall be disabled by NSDL for voting after the above stated ending time on that date. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under Members login by using the remote e-voting credentials. The link for VC / OAVM will be available in Members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve

NOTICE OF ANNUAL GENERAL MEETING

the same by following the remote e-voting instructions mentioned in the notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.

21. 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 i.e. Thursday, August 6, 2020.
22. 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 i.e. Thursday, August 6, 2020 only shall be entitled to avail the facility of remote e-voting as well as attending and e-voting at the AGM.
23. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. Thursday, August 6, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or evoting@sharexindia.com.

However, if the person is already registered with NSDL for remote e-voting then the person can use the existing User ID and password for casting the vote.

24. The Instructions for Members for Remote E-Voting are as under :

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 'Members' 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, please follow steps mentioned below in process for those Members whose email ids are not registered.
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.nsdl.com.
 - (b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.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.
 - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
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.
25. General Guidelines for Members
1. Institutional Members (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

NOTICE OF ANNUAL GENERAL MEETING

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.nSDL.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members 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.

In case of any grievances connected with facility for e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: evoting@nsdl.co.in/pallavid@nsdl.co.in, Tel: 91 22 2499 4545/ 1800-222-990

26. Process for those Members whose email ids are not registered for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to evoting@sharexindia.com.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to evoting@sharexindia.com.

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

27. The Instructions for Members for E-Voting on the day of the AGM are as under :

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

28. The Instructions for Members for Attending the AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nSDL.com> under Members/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.

Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at investors@cravatex.com.
6. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

29. Mr. Hemanshu Kapadia (FCS: 3477 and CP: 2285), 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.

NOTICE OF ANNUAL GENERAL MEETING

30. The Chairman shall, at the AGM, allow voting with the assistance of scrutinizer, through e-voting facility as provided by NSDL for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
31. 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 : June 29, 2020

CIN : L93010MH1951PLC008546

Registered Office:

Matulya Center, 2nd Floor
Senapati Bapat Marg
Lower Parel (W), Mumbai - 400013.
Tel. No.: +91 22 66667474, Fax No.: +91 22 24973210
E-mail: investors@cravatex.com
Website: www.cravatex.com

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 6

Mr. Divakar G. Kamath (DIN: 08730430) was appointed as an Additional Director, designated as Executive Director and CFO, of the Company by the Board of Directors, on recommendation of the Nomination and Remuneration Committee with effect from April 1, 2020 in terms of Section 161(1) of the Companies Act, 2013 and Article 151 of the Articles of Association of the Company and holds office upto the date of the forthcoming Annual General Meeting.

The Company has received a notice in writing under Section 160 of the Act from the Director proposing his candidature for the office of a Director designated as Executive Director and CFO, not liable to retire by rotation.

Details of Mr. Kamath are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Schedule V of the Companies Act, 2013 provides that where in any financial year during the currency of tenure of a Executive Director, a Company has no profits or its profits are inadequate, a Company having effective capital more than Rs. 5 Crores and less than Rs.100 Crores may, without Central Government approval, pay remuneration to the Executive Director and CFO not exceeding Rs.84 lacs per annum subject to approval of Nomination and Remuneration Committee, Board of Directors and Members by way of an Ordinary Resolution.

The Board of Directors, at the recommendation of the Nomination and Remuneration Committee, at their meeting held on June 29, 2020, have approved appointment of Mr. Kamath as the Executive Director and CFO of the Company, subject to the approval of members. The principal terms and conditions of his appointment and remuneration payable upto a period of 3 years are given below :

- (a) Remuneration of Rs.21.38 lacs per annum which shall be inclusive of the usual allowances, benefits, amenities, perquisites and facilities as per the rules of the Company for the time being in force, but excluding contribution to provident fund & superannuation fund, gratuity and leave encashment.
- (b) Company's contribution to provident fund & superannuation fund, benefits under gratuity and encashment of leave at the end of the tenure will be permitted, in accordance with the rules of the Company.
- (c) He shall be entitled to an annual increase in the remuneration and the Board of Directors is authorised to vary the terms and conditions of appointment including determination of remuneration payable to him, in such manner as the Board in their absolute discretion deems fit, provided that the remuneration payable to him shall not exceed the maximum limits for payment of Managerial Remuneration specified under Part II Section II of Schedule V to the Companies Act, 2013 or any amendments thereto as may be made from time to time.
- (d) Notwithstanding anything contained herein, he shall be entitled to remuneration within the limits of Section II of Part II of Schedule V to the Companies Act, 2013 or within such ceiling limits as may be prescribed under Schedule V from time to time or under the Companies Act 2013 or the rules made there under as may be recodified.
- (e) He shall have the overall responsibility for the operations of the Company and shall carry out such functions, exercise such powers and perform such duties as the Board may, from time to time, in its absolute discretion, determine and entrust to him.
- (f) He shall not be paid any sitting fees for attending Meetings of the Board or any Committee thereof.
- (g) He will be bound by non-compete and confidentiality provisions.
- (h) Either party shall be entitled to terminate the employment by giving not less than 3 (three) months prior notice in writing in that behalf to the other party.

In terms of provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act 2013, the appointment and payment of remuneration to Mr. Kamath as the Executive Director and CFO of Rs.21.38 lacs per annum requires approval of Members by way of an Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING

A copy of the draft letter for appointment of Mr. Kamath as the Executive Director and CFO setting out terms and conditions along with the Articles of Association would be available for inspection without any fee by the Members on the website of the Company at www.crvatex.com.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Kamath as the Executive Director and CFO. Accordingly, the Board recommends passing of the Ordinary Resolution in relation to appointment of Mr. Kamath as the Director of the Company designated as Executive Director and CFO, for the approval by the Members of the Company.

Except Mr. Kamath, being an appointee and his relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Item No. 7

Mr. Rohan Batra (DIN : 02574195) was appointed as an Additional Director of the Company by the Board of Directors, on recommendation of the Nomination and Remuneration Committee, with effect from April 1, 2020 in terms of Section 161(1) of the Companies Act, 2013 and Article 151 of the Articles of Association of the Company and hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing under Section 160 of the Act from the Director proposing his candidature for the office of Director, liable to retire by rotation.

The Board of Directors in the meeting held on June 29, 2020, on recommendation of Nomination and Remuneration Committee, have approved the appointment of Mr. Rohan Batra as a Director of the Company, subject to the approval of members.

Details of Mr. Rohan Batra are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Articles of Association would be available for inspection without any fee by the Members on the website of the Company at www.crvatex.com.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rohan Batra as a Director.

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

Except Mr. Rohan Batra, being an appointee and Mr. Rajesh Batra, Managing Director and their relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Item No. 8

Mrs. Pheroza Jimmy Bilimoria (DIN: 00191386) was appointed as an Independent Director by the Members of the Company at the 63rd Annual General Meeting of the Company held on August 14, 2015 for a period of five consecutive years to hold office of Independent Director upto August 13, 2020 or upto the date of Annual General Meeting to be held in the calendar year 2020, whichever is earlier.

The Company has received notice in writing pursuant to provision of Section 160 of the Act from the Director proposing her candidature for the office of Independent Director of the Company.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto 5 (five) consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company, whose term of office shall not be liable to retire by rotation.

NOTICE OF ANNUAL GENERAL MEETING

The Board of Directors in the meeting held on June 29, 2020, based on the performance evaluation on various parameters of Independent Director and on recommendation of Nomination and Remuneration Committee, in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, considered to re-appoint Mrs. Bilimoria, being eligible for re-appointment as an Independent Director and offering herself for re-appointment, for second term of 5 (five) consecutive years with effect from August 14, 2020 upto August 13, 2025, subject to the approval of members.

The Company has received declaration from her stating that she meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. She has also given her consent to continue to act as Director of the Company, if so, appointed by the Members. In the opinion of the Board, Mrs. Bilimoria fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for her re-appointment as an Independent Director of the Company and is independent of the management.

Details of Mrs. Bilimoria are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

A copy of the draft letter for appointment of Mrs. Bilimoria as an Independent Director setting out terms and conditions along with the Articles of Association would be available for inspection without any fee by the Members on the website of the Company at www.cravatex.com.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Bilimoria as an Independent Director. Accordingly, the Board recommends passing of the Special Resolution for re-appointment of Mrs. Bilimoria as an Independent Director for another term of 5 (five) consecutive years with effect from August 14, 2020 upto August 13, 2025, for the approval by the Members of the Company.

Except Mrs. Bilimoria, being an appointee and her relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

NOTICE OF ANNUAL GENERAL MEETING

ANNEXURE TO NOTICE

Details of Directors seeking appointment/re-appointment pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2).

Particulars	Mr. Rajesh Batra	Mr. Divakar G. Kamath	Mr. Rohan Batra	Mrs. Pheroza Jimmy Billimoria
DIN	00020764	08730430	02574195	00191386
Age	65 years	64 years	33 years	69 years
Qualifications	Schooling in Campion School, Mumbai and graduated from Elphinstone College, in 1975. He then obtained a Diploma in Systems Management from Jammnal Bajaj Institute in 1978.	Graduate in Economics, Law and DFM from Mumbai University and a Certified Associate of Indian Institute of Bankers (CAIIB).	Graduated with a First Class Honors Degree from Cass Business School, City University, London in Management and Systems Science.	Graduated in B.A. from Mumbai University.
Nationality	Indian	Indian	Indian	Indian
Experience/Expertise	As mentioned below	As mentioned below	As mentioned below	As mentioned below
Terms and Conditions of Appointment / Reappointment	To be re-appointed as a Director liable to retire by rotation	As per the resolution at Item No. 6 of the AGM Notice dated June 29, 2020 read with explanatory statement thereto.	As per the resolution at Item No. 7 of the AGM Notice dated June 29, 2020 read with explanatory statement thereto.	As per the resolution at Item No. 8 of the AGM Notice dated June 29, 2020 read with explanatory statement thereto.
Remuneration last drawn for the financial year 2019-20	Being a Managing Director, Mr. Batra is not entitled for sitting fees for attending Meetings of the Board or any Committee thereof.	Rs.21.38 lacs per annum as the Chief Financial Officer of the Company.	None	Sitting Fees of Rs.2.00 lacs for Board Meeting and Rs.2.20 lacs for Committee Meetings.
Remuneration proposed to be paid	Being a Managing Director, Mr. Batra is not entitled for sitting fees for attending Meetings of the Board or any Committee thereof.	Rs.21.38 lacs per annum for the financial year 2020-21.	Rs.40,000/- sitting fees for each Board Meeting and Rs.20,000/- for each Committee Meeting or such as may be approved by the Board.	Rs.40,000/- sitting fees for each Board Meeting and Rs.20,000/- for each Committee Meeting or such as may be approved by the Board.
Date of first appointment on the Board	30/11/1981	01/04/2020	01/04/2020	19/09/2014
Shareholding in the Company as on March 31, 2020	70 Equity Shares (including 20 shares each held on behalf of partnership firm and trust) of Rs.10/- each and 11,40,000 (entire shares are held on behalf of trust) 4% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each.	100 Equity Shares of Rs.10/- each	10 Equity Shares of Rs.10/- each	Nil
Relationship with other Directors/Key Managerial Personnel	Father of Mr. Rohan Batra, Additional Director of the Company	None	Son of Mr. Rajesh Batra, Chairman and Managing Director of the Company.	None

NOTICE OF ANNUAL GENERAL MEETING

Particulars	Mr. Rajesh Batra	Mr. Divakar G. Kamath	Mr. Rohan Batra	Mrs. Pheroza Jimmy Billimoria
No. of Board Meetings attended during the Financial Year 2019-20.	5 out of 5	5 out of 5 as Chief Financial Officer	None	5 out of 5
Directorships of other Boards.	<ol style="list-style-type: none"> 1. Cravatex Brands Limited 2. Proline India Limited 3. B.R.T. Limited 4. National Peroxide Limited 5. The Bombay Burmah Trading Corporation Limited 6. Proline Exports Pvt. Ltd. 7. R. B. Fitness and Trading Pvt. Ltd. 8. Goodeed Charitable Foundation 9. Tristar Charitable Foundation 10. Northstar Charitable Foundation 11. Venus Charitable Foundation 	None	<ol style="list-style-type: none"> 1. Cravatex Brands Limited 2. R.B. Fitness and Trading Pvt. Ltd. 	None
Membership / Chairmanship of Committees of other Boards.	<ol style="list-style-type: none"> 1. National Peroxide Limited (Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Corporate and Social Responsibility Committee) 2. The Bombay Burmah Trading Corporation Limited (Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate and Social Responsibility Committee) 	None	None	None

Experience / Expertise :

Mr. Rajesh Batra is a second generation entrepreneur and son of Ram Batra a leading businessman and a former sheriff of Mumbai. Mr. Batra is the Chairman of Cravatex Limited, Cravatex Brands Limited and Proline India Limited. The companies deal in wholesale and retail apparel, footwear and accessories and fitness equipment. They have partnerships with leading international brands besides owning some of their own brands. A keen tennis enthusiast, Mr. Batra is a former Maharashtra state champion and a former nationally ranked player and has represented India in several international events.

Mr. Batra is a Director on the board of several companies. He is also a trustee on several charitable trusts and promotes sport through the Ram Batra Memorial Foundation.

Mr. Divakar G. Kamath is an accomplished Banker with an experience of around 32 years mostly spent in Corporate Banking Business in a reputed Public Sector Bank and a Private Sector Bank. He joined the Company in the year 2012 as Chief Financial Officer. His previous assignment was in Axis Bank Ltd as Senior Vice President and pan India Head of Small and Medium Enterprise. Apart from Banking and Finance he has ample exposure in the area of Legal matters. Finance and Risk Management are his favourite subject of academic interest.

NOTICE OF ANNUAL GENERAL MEETING

Mr. Rohan Batra is at present the Managing Director of Cravatex Brands Limited, a subsidiary of the Company, and has been actively involved in creating a centralised group support infrastructure and information technology backbone. He also is part of the planning for group strategy, financial planning and new business development.

Mrs. Pheroza Jimmy Bilimoria is a well-known personality in media and marketing communications in India. A founder member of the team that started Business India Publications, in 1978, where she was originally Head of Marketing, and thereafter became its Managing Director in the year 2000, she is credited with much of the success of the media house with titles such as Business India, Inside Outside, Auto India, The India Magazine and The Food Magazine.

Mrs. Bilimoria is also credited for building successful off-shoot companies for the Group in exhibitions (Business India Exhibitions) and cable TV distribution (BITV Cables - now Hathaway Network). Mrs. Bilimoria was also the Chief Executive of both the companies.

Mrs. Bilimoria was the first woman President of the Advertising Club Mumbai, the Advertising Standards Council of India and the India Chapter of the International Advertising Association (ICIAA). For over 15 years, and until 2013, Mrs. Bilimoria was on the World Committee and the Executive Committee of the International Advertising Association (IAA) based in New York, where she was the Honorary Secretary of the organisation for 6 years.

In 2013 Mrs. Bilimoria received the prestigious Champions Award from the IAA in recognition of her "leadership and vision - commitment to excellence in communications and contribution to the advancement of the International Advertising Association". In 2014 she was made a 'Honorary Life Member of the IAA' which is bestowed on a very select few worldwide.

By Order of the Board of Directors

Sudhanshu Namdeo
Company Secretary

Place : Mumbai
Dated : June 29, 2020

CIN : L93010MH1951PLC008546

Registered Office:

Matulya Center, 2nd Floor

Senapati Bapat Marg

Lower Parel (W), Mumbai - 400013.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24973210

E-mail: investors@cravatex.com

Website: www.cravatex.com

REPORT OF THE BOARD OF DIRECTORS

BOARD'S REPORT

To The Members of Cravatex Limited

Your Directors are presenting the Sixty Eighth Annual Report on the business and operation of your Company together with the Audited Financial Statements of the Company including Audited Balance Sheet and the Statement of Profit and Loss for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

	Current Year Rupees in Lacs	Previous Year Rupees in Lacs
Earnings before Finance Cost, Depreciation and Taxation	420.23	479.72
Less : Finance Cost	80.07	101.59
Less : Depreciation	84.87	82.92
Profit (Loss) before Exceptional Item	255.29	295.21
Exceptional Item	—	—
Profit (Loss) before Tax	255.29	295.21
Tax Expense		
Current Tax	(44.53)	(69.50)
Deferred Tax Asset / (Liability)	21.39	11.31
Excess Tax Provision for Earlier years	—	(10.58)
Profit (Loss) after Taxation	232.15	226.44
Other Comprehensive Income / (Loss)	(5.32)	(1.97)
Total Comprehensive Income / (Loss)	226.83	224.47

STATEMENT OF COMPANY AFFAIRS

The Financial Year 2019-20 witnessed weak macro economic conditions and growth slow down in the overall market. With outbreak of Corona Virus at the fag end of the year made matters more challenging. Though the income stream of the company by way of lease rentals have not been affected during the FY 2019-20, the trading business was stalled in the month of March 2020 impacting further growth in the revenue.

The total revenue from operations of the Company for the year under review was Rs 242.07 lacs as against Rs. 103.95 lacs in the previous year. The increase in revenue was driven by trading business. The profit before finance cost, depreciation and taxation stood at Rs. 420.23 lacs as against Rs. 479.72 lacs for the previous year, mainly due to write off of old bad debt of Rs 35 lacs cleaning the balance sheet . The matter is subjudice and it will be written back on settlement in future. However, profit after tax for the year at Rs. 232.15 lacs as against Rs. 226.44 lacs for the previous year was marginally higher. The total comprehensive income for the year was Rs. 226.83 lacs as against Rs. 224.47 lacs for the previous year.

PANDEMIC COVID-19

The pandemic virus Covid-19 reached India by March 2020. The lockdown and restrictions imposed by the Government on various activities due to the Virus posed challenges to the business of the Company and its subsidiaries. The business operations were shut down and adversely impacted. For ensuring safety of employees, work from home policy was immediately implemented. All the government advisories/compliances and disciplines were followed meticulously. The management continued to work very hard for keeping the company and its subsidiaries ready and fit for operations as and when the normalcy returns post lifting of lockdown.

DIVIDEND

During the Financial Year 2019-20, the Board of Directors in its meeting held on February 12, 2020 declared an Interim Dividend of Rs.2/- (20%) per Equity Share of Rs.10/- each for the financial year 2019-20, payable to those Members whose name appears in the Register of Members/ Depository Participant as on February 27, 2020. The total outflow on dividend account was Rs. 51.68 lacs (excluding Dividend Distribution Tax)

The Directors are now pleased to recommend dividend of Rs.0.40 (4%) per share of Rs.10/- each on 75,75,000 4% Non-Convertible Cumulative Redeemable Preference Shares and on 9,42,500 4% Non-Convertible Cumulative Redeemable Preference Shares on prorata basis for the financial year ended 2019-20, subject to tax deduction at source. The total outflow on this dividend account will be Rs.33.58 lacs.

REPORT OF THE BOARD OF DIRECTORS

The Directors are also pleased to recommend final dividend of Rs.1/- (10%) per equity share of Rs.10/- each for the financial year 2019-20. The total outflow on this dividend account will be Rs.25.84 lacs.

EQUITY SHARE CAPITAL

The total issued, subscribed and fully paid up equity share capital of the Company as on March 31, 2020 was Rs.2,58,41,600/- divided into 25,84,160 equity shares of Rs. 10/- each (listed on BSE).

PREFERENCE SHARES

The unlisted 4% Non-convertible Cumulative Redeemable Preference Shares (preference shares) issued by the Company on private placement basis standing as on April 1, 2019 was Rs. 8,51,75,000/- divided into 85,17,500 preference shares of Rs. 10/- each.

The Board of Directors in its meeting held on February 12, 2020 redeemed 9,42,500 nos. of preference shares of Rs.10/- each aggregating to Rs. 94,25,000/- out of the sum lying in the profit and loss account of the Company.

Consequent to the said reduction, the total preference shares issued by the Company as on March 31, 2020 was Rs. 7,57,50,000/- divided into 75,75,000 preference shares of Rs. 10/- each.

TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserves during the financial year under review.

FIXED DEPOSITS

The Company does not have any fixed deposits covered under Chapter V of the Companies Act, 2013 as on March 31, 2020 and accordingly, there were no unclaimed deposits as on that date.

INSURANCE

The fixed assets of the Company have been adequately insured during the financial year under review.

DIRECTORS & KMP

- Mr. Rajesh Batra (DIN 00020764) is retiring by rotation and, being eligible, offers himself for re-appointment.
- Mr. Rajesh Batra (DIN 00020764) was re-appointed as the Managing Director of the Company, for a period of 3 (three) years with effect from June 1, 2019 to May 31, 2022.
- Mr. N. Santhanam (DIN 00027724) and Dr. S.D. Israni (DIN 00125532) were re-appointed as the Independent Directors of the Company for second term of 5 (five) years with effect from April 1, 2019 to March 31, 2024.
- Mr. Rajiv Batra (DIN 00748729), ceased to be a Non-executive Director of the Company with effect from closing hours of March 30, 2020 consequent to his resignation. The Board of Directors convey their appreciation for the valuable guidance by Mr. Rajiv Batra during his association with the Company.
- During the year under review, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors have made the following appointments subject to members' approval in the forthcoming Annual General Meeting of the company.
 - Mrs. Pheroza Jimmy Bilimoria (DIN 00191386) was re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for second term of 5 (five) consecutive years with effect from August 14, 2020 upto August 13, 2025.
 - Mr. Divakar G. Kamath, (DIN: 08730430) was appointed as an Additional Director designated as Executive Director and CFO with effect from April 1, 2020.
 - Mr. Rohan Batra (DIN : 02574195) was appointed as an Additional Director with effect from April 1, 2020.

In terms of Section 149 and other applicable provisions of the Act, Mrs. Pheroza Jimmy Bilimoria (DIN 00191386) being eligible, is offering herself for re-appointment and is proposed to be re-appointed as Independent Directors, on the recommendation of the Nomination & Remuneration Committee and on the basis of the outcome of their performance evaluation up to the financial year

REPORT OF THE BOARD OF DIRECTORS

2019-20, for a second term of 5 (five) consecutive years commencing from August 14, 2020 upto August 13, 2025 subject to the approval of the shareholders by passing Special Resolution.

In accordance with the provisions of Section 161 of the Act, Mr. Divakar G. Kamath and Mr. Rohan Batra as Additional Directors shall hold office upto the date of the forthcoming Annual General Meeting of the Company and being eligible, offer their candidature for appointment as Director of the Company.

Members approval for Mr. Divakar G. Kamath's appointment as Executive Director and Chief Financial Officer, Mr. Rohan Batra's appointment as Non-Executive Non-Independent Director and Mrs. Pheroza Jimmy Bilimoria's re-appointed as an Independent Director for second term has been sought in the Notice convening the Annual General Meeting of the Company.

Dr. S.D. Israni, Mr. N. Santhanam and Mrs. Pheroza Jimmy Bilimoria, Independent Directors, have registered themselves for inclusion of their name in the Independent Directors Data Bank of The Indian Institute of Corporate Affairs. In the opinion of the Board the said Independent Directors have the integrity, expertise and experience for their re-appointment as Independent Directors in the Company.

There are no appointment/cessation of the Key Managerial Persons (KMP) during the financial year ended March 31, 2020.

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

During the year under Report, No Company have become or ceased to be any Subsidiaries, Joint Ventures or Associate Companies. However the Company have the following Subsidiaries:

(I) CRAVATEX BRANDS LTD (CBL)

The Brands division of CBL started off at a slow pace during the year 2019-20 due to the overall economic slow down. On the back of the increase in customs duty on footwear and sharp depreciation of the Indian rupee versus the US dollar, the business became tougher. With the economic slowdown dampening consumer sentiments and the demand, the brands division still managed to exhibit a revenue growth in double digits on a net sales basis.

– Real estate and Gym sectors generate substantial revenues for CBL's Wellness division. These sectors suffered due to liquidity crunch prevailing in the overall economy, resulting in lower revenues for our Wellness division. The division struggled through the calendar year 2019. The last month of Q4 of FY generates its maximum revenue. There was strong opening order book for Q4 FY19-20 as expected. However the pandemic Covid-19 derailed the business and severely impacted the fag end revenues.

With COVID-19 being declared as a global pandemic during the last quarter of FY19-20 which culminated into a complete nationwide lockdown with effect from 21st March 2020, the most revenue generating quarter for the company, turned out to be its worst. For the brands' division, matters turned worst, when the custom duty on imported footwear was further increased in the Union Budget of Feb'2020. Though the overall growth was insignificant, CBL averted degrowth in its revenue. The FY19-20 revenues were marginally higher than the previous year.

For the year ended on 31st March 2020, CBL recorded a total revenue of Rs 153.35 Crs displaying a small growth of 2.2% over previous year. With negligible revenue growth, and normal annual increase in costs CBL recorded a loss before finance cost, depreciation and tax at Rs 26.95 Crs vis-à-vis a loss of Rs 11.13 Crs in the previous year. Overall economic slowdown, liquidity crunch and further increase in import duty on imported footwear, coupled with COVID-19 completely destroying the most revenue generating quarter, had an impact on the revenue and the overall profitability of CBL.

Courtesy COVID-19, most of the country is in a state of lockdown, the average consumer restricted to his/her house and capex plans being postponed by gym chains/fitness centres/real estate companies. The focus will be on conserving cash and increasing working capital efficiency to tide through FY20-21.

REPORT OF THE BOARD OF DIRECTORS

(II) BB (UK) Limited (BBUK)

BB(UK) Limited operating from United Kingdom is a 100% subsidiary of the company. It is engaged in designing, sourcing and marketing of branded apparel and footwear as a licensee for the Fila brand. It caters to customers in highly competitive markets of UK, Ireland, Europe, Middle East and USA etc. Despite Brexit blues, BBUK performance has been extremely good since last few years. It was reported as one of the fastest growing companies in the UK owned by an Indian parent in the year 2019. The company is led by Mr Rajiv Batra, supported by a team of highly motivated professionals in their respective fields of expertise.

After registering a turnover growth of 134% in previous year, BBUK achieved a turnover growth of 10% during the current FY 2019-20. The performance is considered as very good on the backdrop of higher base number, overall global slow down and the lockdown due to Covid-19 in March 2020. Total revenue of BBUK in current INR terms during FY 2019-20 was Rs. 624Cr vis a vis Rs. 567Cr in the previous year and Profit before tax was Rs 19Cr vis a vis Rs 28 Cr in the previous year. The profitability during the year was impacted due to lockdown in March 2020 and some increase in marketing and operating cost.

BBUK shut down its offices from March 2020 due to lockdown for containment of Covid-19. However, trading continued on a muted basis through on line channels. The subsidiary was able to re-open its office in the third week of May '20. Europe and the UK markets are beginning to open gradually. With scaled down business operations during most part of the Q1 of financial year 2020-21 and the anticipated cautious spends post Covid, BBUK's performance for the year 2020-21 is expected to be affected negatively. BBUK's top management and the entire team are working very hard for restoring the normal operations and reclaim the lost business revenues as much as possible.

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

The financial statement of the subsidiaries for the financial year ended March 31, 2020 will be kept open for inspection for the Members at the website of the Company upto and including the date of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CORPORATE GOVERNANCE

The company believes in high standards of Corporate Governance. Your Company has taken necessary steps for ensuring compliance of all mandatory provisions of Corporate Governance in terms of Regulation 4(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance is 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.

REPORT OF THE BOARD OF DIRECTORS

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

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

CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of business carried on by the Company and of its Subsidiary. The Company has not changed the class of business in which the Company has interest.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the 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.

ANNUAL RETURN

An extract of the annual return in Form MGT-9 referred to in Section 92(3) of the Companies Act, 2013 placed on the website of the Company at www.cravatex.com/investors.

PARTICULARS OF THE EMPLOYEES

The Information required under Section 197(12) of the Companies Act, 2013 read with rules made thereunder is included in the board report as Annexure II and forms part of this report.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an annual performance evaluation of the Board is undertaken. The Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees. A structured questionnaire was prepared after taking into consideration the various aspects of the Board functioning, composition and the Board and its committees, culture, execution and performance of specific duties, obligations and governance.

In case Independent Directors, the performance evaluation is undertaken based on various criteria such as their delivery, contribution to the Board/Committees, attendance at the respective meetings, sharing of best practices, engaging with top management team etc.. The performance of the Chairman and Non-Independent Directors were also carried out by the Independent Directors.

As an outcome of the above exercise, it was noted that the functioning of the Board as a whole, Independent Directors, Non Independent Directors and the Chairman was satisfactory and well conducted.

NUMBER OF BOARD MEETINGS

The Company held 5 (five) Board Meetings during the Financial Year 2019 - 20. These were on May 24, 2019, August 14, 2019, November 13, 2019, February 12, 2020 and March 6, 2020.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

REPORT OF THE BOARD OF DIRECTORS

WHISTLE BLOWER POLICY

The Company has adopted a whistle blower policy as part of mechanism to provide a fair avenues to the Directors and employees for reporting genuine concerns or grievances on any issue which is perceived to be in violation/conflict with the Code of the Company. The Policy has been posted on the website of the Company.

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178 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 salient features 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.

The entire policy is also disseminated on the website of the Company at www.crvatex.com/investor.

RELATED PARTY TRANSACTIONS

All related party transactions are placed before the audit committee and board for approval.

The Company has not entered into any contract/arrangement/transaction with its related parties, which is not in the ordinary course of business or not at arm's length during the financial year 2019-20. There are no material contract/arrangement/transaction with related parties at arms length basis during the year under review. Accordingly, the disclosure relating to Form AOC-2 is not attached separately.

The Company has laid down policies and processes/procedures so as to ensure compliance to Section 188 of the Companies Act, 2013 and the corresponding Rules. The details of related party transactions for the financial year 2019-20 are provided in Note 37 of the audited financial statements.

There are no transactions during the financial year under review with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity.

The Company's Policy on Materiality of related party transactions and dealing with related party transactions is available on the Company's website at: www.crvatex.com/investors.

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 three 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. As the Company ceased to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years the Board of Directors in its meeting held on May 24, 2019 dissolved the CSR committee and decided to re-constitute the same as and when the provision of the Act would become applicable.

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 2019-20. The secretarial audit report is included as Annexure III 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 in the normal circumstance 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 for a certain period.

AUDITORS' REPORT

The are no fraud to be reported as required under Section 134(3)(ca) of the Companies Act, 2013.

There are no qualifications, reservation, adverse remark or disclaimer made by the Auditors of the Company under Section 134(3)(f) of the Companies Act, 2013.

The Secretarial Auditors have pointed out certain oversights which have been noted for rectification. Accordingly, web address of nomination and remuneration policy has been mentioned in board's report and sexual harassment details are incorporated in corporate governance report, in the Annual report for the financial year 2019-20. The consolidated financial statements for quarter ended 31/12/2019 needed to be signed by a designated person which has been now complied with. Further, there was delay in issue of share certificates which as explained by RTA, it was due to surge in volume on account of SEBI circular with regards to fixing the deadline for transfer for financial year 2018-19.

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. The said Statutory Auditor shall hold office until the conclusion of the 70th Annual General Meeting.

REPORT OF THE BOARD OF DIRECTORS

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 women personnel defined in the said act. The Company has complied with the applicable provisions of the aforesaid Act, including constitution of the Internal Complaints Committee.

During the financial year 2019-20, there were no cases filed pursuant to Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

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 September 5, 2019 and avoid the transfer of their shares to IEPF. The Company had also published a newspaper notice in Business Standard in English Language and in Sakal in Marathi Language to this effect. In case where no valid claim was received on or before September 5, 2019 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, 1,768 Equity Shares of the Company have been transferred to the Investor Education and Protection Fund (IEPF) during the financial year 2019-20 in accordance with Section 125 of the Companies Act, 2013 read with the rules made thereunder.

SECRETARIAL STANDARDS

The Company has complied with all the applicable secretarial standards issued by The Institute of Company Secretaries of India and notified by the Central Government.

COST RECORDS

As per Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the maintenance of cost records is not mandated for the Company.

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
DIN: 00020764

Place : Mumbai

Dated : June 29, 2020

CIN : L93010MH1951PLC008546

Registered Office:

Matulya Center, 2nd Floor

Senapati Bapat Marg

Lower Parel (W), Mumbai - 400013.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24973210

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 consumption of electricity/energy is restricted to its office premises. The Company has been making optimum use of electrical energy by regular maintenance of office electrical installations. Regular monitoring is done for preventing wastage of energy.

(b) Impact on conservation of energy:

Not discernable

(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 restricted for its office premise and it 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

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

	2019-20	2018-19
	Rupees in Lacs	Rupees in Lacs
Earnings: Dividend Income from BB (UK) Limited (Subsidiary of the company)	266.93	275.52
Expenditure:	—	—

REPORT OF THE BOARD OF DIRECTORS

ANNEXURE II

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;

Name of the Director	Ratio of the remuneration of each director to the median remuneration
Rajesh Batra	2.99 : 1

NOTE :

- a) For calculation of median remuneration, the employee count taken is 6 inclusive of employees who have partly served in financial year 2019-20.
- b) Apart from Mr. Rajesh Batra, Managing Director no other Director was entitled for remuneration in financial year 2019-20 and were 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	%
i.	Rajesh Batra	Managing Director	36.67%
ii.	Divakar Kamath	President — Corporate Affairs & CFO	10.00%
iii.	Sudhanshu Namdeo	Company Secretary	10.00%

3. The percentage increase/(decrease) in the median remuneration of employees in the financial year : 8.00%
4. The number of permanent employees on the rolls of company as on 31/03/2020 : 6
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	8.58%
Remuneration paid to managerial personnel	19.26%

6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company for Directors, Key Managerial Persons and Employees.
7. (i) The name of employees who if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore two lakh rupees : None
- (ii) The name of employees who if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month ; None
8. 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 : None

REPORT OF THE BOARD OF DIRECTORS

ANNEXURE III

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March 2020

[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 Cravatex Limited

I 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 my 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 the explanations and clarifications given to us and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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:

I 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, 2020, 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;

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.

REPORT OF THE BOARD OF DIRECTORS

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 with the Companies Act, 1956 (wherever applicable); subject to the following observations:

1. *The Company has mentioned the salient features of the Nomination and Remuneration policy in the Board's Report and also displayed on its website. However, it also needs to mention the web address of the policy in the Board's Report as provided under proviso of sub-section 4 of section 178 of Companies Act, 2013.*
2. *The Company has made disclosure in relation to Sexual Harassment of Women at Workplace in Board's Report. However, it also needs to disclose the same under Corporate Governance as specified in Schedule V(C) Point 10(l) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.*
3. *There was delay in issue of share certificate in 1 case pertaining to transfer for 55 shares and 1 case for change in name for 160 shares. As explained to us the above delays were due to heavy work load with RTA.*
4. *The consolidated financial statements for quarter ended 31/12/2019, submitted to BSE have been authenticated by the management and the auditors. However, the same needs to be signed by the designate person as provided under clause (b) of sub-regulation 2 of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

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) 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

UDIN: F003477B000394362

Place : Mumbai

Dated : June 29, 2020

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
Cravatex Limited**

My 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. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required I 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. My 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

UDIN: F003477B000394362

Place : Mumbai

Dated : June 29, 2020

REPORT OF THE BOARD OF DIRECTORS

Annexure IV

Form AOC-I

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

Statement containing salient features of the financial statement of subsidiaries companies for the financial year ended March 31, 2020.

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) 93.08
4. Share Capital	4,876.07	41.85
5. Reserves & Surplus	(5,234.38)	4,908.12
6. Total Assets	22,048.84	13,163.21
7. Total Liabilities	22,407.15	8,213.24
8. Investments	2,258.29	NIL
9. Turnover	15,241.55	62,383.63
10. Profit/(Loss) before Taxation	(2,695.49)	1,912.99
11. Provision for Taxation	NIL	(37.71)
12. Profit/(Loss) after Taxation	(2,695.49)	1,875.28
13. Proposed Dividend	NIL	266.93
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
DIN: 00020764

Place : Mumbai

Dated : June 29, 2020

CIN : L93010MH1951PLC008546

Registered Office:

Matulya Center, 2nd Floor

Senapati Bapat Marg

Lower Parel (W), Mumbai - 400013.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24973210

E-mail: investors@cravatex.com

Website: www.cravatex.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) Industry Structure and Development

The company's revenues are contributed by trading of textiles and lease rentals of its office premises. Although the revenue from lease rentals were steady in the year under review, the revenue from trading business for the month of March 2020 was impacted due to the lockdown for containment of Corona Virus.

The company's subsidiaries are principally dealing in Consumer Brands, Sports Goods and Fitness Equipment business. BB (UK) London (BBUK) caters to markets in UK, Ireland, Europe, Middle East, USA etc., whereas Cravatex Brands Ltd Mumbai (CBL) caters to India, Nepal and Srilanka markets.

The brands business which comprises of the apparel, footwear and accessories is a competitive sector with the presence of several global brands and large domestic brands as well as the unbranded sector. Apart from the increase in supply side cost, especially the exchange rate and customs duty, CBL suffered due to competitive pricing pressure and discount asking by major distributors/retailers. Further, Q4, the most revenue generating quarter for the company, turned out to be its worst due to Lockdown.

For Wellness business of CBL, Real Estate and Gym segments drive its business. Economic slow down and the over all liquidity crunch resulted in crisis like situation for these industries. The lockdown in March '20 pushed these segments further in to a real crisis. As a result the revenue of Wellness business was severely impacted.

BBUK however, managed to tide over the global macro economic slow down with minimum impact. However, it could not avert loss of business in March '20 due to lockdown.

The after effects of lockdown due to pandemic Corona virus are expected to continue for larger part of the next year affecting the business of the subsidiaries.

(b) Opportunity and Threats

The company was exploring new opportunity in the line of business where it has expertise. Few opportunities were examined in popular brands of Sports business, which however could not materialise. The company will continue its efforts. Apart from the increasing cost of goods every year, cheap and low quality goods are threats which the company overcomes on the strength of strong brand recall.

(c) Segment wise performance and outlook

CL's financial performance is covered in detail in the Annual report. The outlook for FY 2019-20 is expected to be subdued during the first half of the year due to trailing impact of lockdown on account Covid-19.

(d) Risks and concerns

The company has Internal Audit process to monitor the risks and its effective mitigation. The top management reviews the effectiveness of the process at regular intervals. The Company follows a robust risk management process for identification, and mitigation of various risks like operational, financial, legal and reputation/business risks. Apart from insurance cover for general risks, the leases are protected by stamped and duly registered lease deeds with reputed lessees.

(e) Internal control system and their adequacy

The company strongly believes in safety and security of its business and assets. Adhering to the structured SOPs is accorded very importance. The management strongly believes in appropriate procedures, internal controls and monitoring procedures. The Internal Audit of CL is carried out by external firm of Chartered Accountants who evaluates the functioning and quality of internal controls. Improvement advises if any are implemented from time to time. The management believes that the present control system is 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 elsewhere, major revenue sources of the company are trading of textiles and lease rent from its office premises. Major expenses are on account of the regulatory/compliance related administrative cost. Rental income has been steady during the year under review. Trading business performed well except for the last month of the year which suffered due to lockdown for virus containment. Detailed financials of the company are reported in the Annual report. Financial performance of subsidiaries is discussed elsewhere in the report.

MANAGEMENT DISCUSSION AND ANALYSIS 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 2020. There is no material development impacting the company in Human Resources/Industrial Relations front. The overall industrial relations had been satisfactory.

The details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios and change in Return on Net Worth along with detailed explanations therefor is as follows :

Ratio Analysis	2019-20	2018-19
1 Debtors Turnover Ratio (times)	3.85	4.50
2 Inventory T/O Ratio (Day's COGS)	8	145
3 Interest Coverage Ratio	28.04	13.65
4 Debt to Equity Ratio	0.0003	0.04
5 Operating Profit Margin	4.50%	-0.01%
6 Net Profit Margin	24.35%	29.05%
7 Return on net Worth	7.02%	7.38%

Reasons for change in ratios as on 31st March 2020 vis a vis the previous year.

1. The debtors turnover of 3.85 times during the year under review vis a vis 4.50 times in previous year, was due to higher trade receivables outstanding as on 31st March 2020 on account of higher trading sales recorded in February/March 2020. There were however no bad debts in trading business.
2. Purchase transactions of trading goods for March '20 could not be executed due to shut down on account of country wide lock down. Hence the inventory holding as on 31st March, 2020 was the lowest which resulted in the variance in inventory turnover
3. Interest coverage ratio improved substantially due to reduced outstanding term loan on timely repayment of instalments.
4. Debt equity ratio is negligible as a result of small amount of term loan outstanding which was fully repaid in April 2020.
5. Operating profit margin improved due to favourable market conditions which enabled the company to take advantage in its trading business.
6. Net profit margin is marginally lower vis a vis previous year due to write off of bad debts as explained under "Statement of Company Affairs" above.
7. Return on net worth was comparable with the previous year.

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

The Board has taken necessary steps to ensure that all regulatory and mandatory provisions of Corporate Governance have 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 fair, transparent and ethical governance practices. The Company strives to achieve 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's philosophy on corporate governance ensures accountability, ethical corporate behavior and fairness to all stakeholders which include regulators, customers, vendors investors and employees.

2. Board of Directors

Composition / Category of Directors, Attendance, No. of Board/Committees No. of Shares as on March 31, 2020

Directors	Designation	Board Meetings		Last AGM Attended	No. of Other Directorships ¹	Member of Committees/ (Chairman) ²	No. of Equity Shares
		Held	Attended				
<u>Executive Directors:</u>							
Mr. Rajesh Batra (Chairman)	Managing Director	5	5	Yes	5 (chairman of 2)	4 (chairman of 1)	70 ³
<u>Non Executive Directors:</u>							
Dr. S. D. Israni	Independent Director	5	5	Yes	3	4	0
Mr. Rajiv Batra ⁴	Non-executive Director	5	2	No	1	None	20
Mr. N. Santhanam	Independent Director	5	5	Yes	1	1 (chairman of 1)	0
Mrs. Pheroza Jimmy Bilimoria	Independent Director	5	5	Yes	None	None	0

1 excludes alternate directorship, directorship in section 8 companies, foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.

2 includes audit committee & stakeholders relationship committees of public companies.

3 includes 20 equity shares each held on behalf of partnership firm and trust.

4 ceased to be a Director with effect from closing hours of March 30, 2020 consequent to his resignation.

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.

REPORT ON CORPORATE GOVERNANCE

The name of the other listed entities in which the Director is also a Director and the category of Directorship as on March 31, 2020 are as follows :

Name of the Director	Name of the Other Listed Entity	Category of Directorship
Mr. Rajesh Batra	National Peroxide Limited The Bombay Burmah Trading Corporation Limited	Independent Director Independent Director
Dr. S.D. Israni	Modern India Limited Advani Hotels and Resorts (India) Limited	Independent Director Independent Director
Mr. Rajiv Batra*	N.A.	N.A.
Mr. N. Santhanam	N.A.	N.A.
Mrs. Pheroza Jimmy Bilimoria	N.A.	N.A.

* Ceased to be a Director with effect from closing hours of March 30, 2020 consequent to his resignation.

The Company held 5 (five) Board Meetings during the Financial Year 2019 - 20. These were on May 24, 2019, August 14, 2019, November 13, 2019, February 12, 2020 and March 6, 2020.

The details of familiarization programmes imparted to the Independent Directors are available at the weblink www.cravatex.com\investors.

The matrix of core skills/expertise/competencies identified by the Board of directors as required in the context of its business and sector for it to function effectively and those actually available with the Board are

Skills	Rajesh Batra	S.D. Israni	N. Santhanam	Pheroza Billimoria	Rajiv Batra
Industry Knowledge	✓			✓	✓
Finance & Accounts	✓		✓		
Risk Management	✓	✓	✓		✓
International Business	✓		✓	✓	✓
Marketing/Sales	✓			✓	✓
Legal/Regulatory		✓	✓		
Business Operations	✓			✓	✓
Corporate Leadership	✓	✓	✓	✓	

In the opinion of the Board all the independent directors meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent of the management of the Company.

None of the Independent Directors have resigned before the expiry of their tenure during the financial year ended March 31, 2020.

REPORT ON CORPORATE GOVERNANCE

3. Audit Committee

The committee is formed in terms of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(a) Terms of Reference

The role and terms of reference of the Audit Committee include oversight of financial reporting process, review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the Internal Auditors and Statutory Auditors, selection and establishment of accounting policies, review of financial statements, both quarterly and annual, before submission to the Board, review of management discussion and analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems, approve policies in relation to the implementation of Insider Trading Code and supervise its implementation 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 and Executive Directors during the financial year 2019-20:

- (1) Mr. N. Santhanam (Chairman), Independent Director
- (2) Dr. S.D. Israni, Independent Director
- (3) Mrs. Pheroza Jimmy Bilimoria, Independent Director and
- (4) Mr. Rajesh Batra, Managing Director.

Mr. Rajesh Batra ceased to be a member of the Audit Committee w.e.f. February 13, 2020 consequent to his resignation as the member of the Audit Committee.

Mr. Sudhanshu Namdeo, Company Secretary acts as the Secretary to the Committee.

(c) Number of Meetings, Attendance

The Company held 5 (five) Audit Committee Meetings on May 24, 2019, August 14, 2019, November 13, 2019, February 12, 2020 and March 6, 2020. The details of attendance of the Audit Committee Members during the financial year 2019 - 20 are given below :

Name	No. of Meetings Held	No. of Meetings Attended
Mr. N. Santhanam	5	5
Dr. S. D. Israni	5	5
Mrs. Pheroza Jimmy Bilimoria	5	5
Mr. Rajesh Batra*	4	4

* ceased to be a member of committee w.e.f. February 13, 2020 consequent to his resignation.

4. Nomination and Remuneration Committee

The committee is constituted in terms of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(a) Terms of Reference

Broad terms of reference of the Committee include recommendation to the Board the set up and composition of the Board and its committees, identification of persons who are qualified to become directors and who may be appointed in KPM/ 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 and recommend to the Board the remuneration Policy for Directors, KMP/senior management personnel and other employees.

REPORT ON CORPORATE GOVERNANCE

(b) Composition

The Nomination and Remuneration Committee consists of the following Non-executive Directors during the financial year 2019 - 20:

- (1) Dr. S.D. Israni (Chairman), Independent Director
- (2) Mr. N. Santhanam, Independent Director and
- (3) Mrs. Pheroza Jimmy Bilimoria, Independent Director

(c) Number of Meetings and Attendance

The Company held 4 (four) Nomination and Remuneration Committee Meeting on May 24, 2019, August 14, 2019, February 12, 2020 and March 6, 2020. The details of attendance of the Nomination & Remuneration Committee Members during the financial year 2019 - 20 are given below :

Name	No. of Meetings Held	No. of Meetings Attended
Dr. S. D. Israni	4	4
Mr. N. Santhanam	4	4
Mrs. Pheroza Jimmy Bilimoria	4	4

(d) Performance Evaluation

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. The Board monitors and reviews 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.

5. Stakeholders Relationship Committee

The committee is constituted in terms of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(a) Terms of Reference

Broad terms of reference of the Stakeholders Relationship Committee are to approve and issue/register the transfers and/or transmission of equity shares of the Company, redressal of grievances/complaints of security holders.

(b) Composition

The Stakeholders Relationship Committee consists of the following Directors for the financial year 2019-20:

- (1) Dr. S.D. Israni - Independent Director (Chairman)
- (2) Mrs. Pheroza Jimmy Bilimoria - Independent Director and
- (3) Mr. Rajesh Batra - Managing Director

REPORT ON CORPORATE GOVERNANCE

(c) Compliance Officer

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

(d) No. of Shareholders Complaints Received, Not Resolved and Pending

There were 3 investor complaint received during the financial year 2019 - 20 which were resolved. There were no unresolved complaints and no complaints were pending at the end of the Financial Year ended March 31, 2020.

6. Corporate and Social Responsibility Committee

The committee was constituted in terms of Section 135 of the Companies Act, 2013.

(a) Terms of Reference

Broad terms of reference of the CSR Committee were to formulate and recommend to the Board, a CSR policy for undertaking corporate social responsibility initiatives in accordance with the terms of Section 135 of the Companies Act, 2013 and the guidelines stated in Schedule VII of the Companies Act 2013.

(b) Composition

The Corporate and Social Responsibility consisted of the following Directors:

- (1) Mr. N. Santhanam (Chairman), Independent Director
- (2) Mrs. Pheroza Jimmy Bilimoria, Independent Director and
- (3) Mr. Rajesh Batra, Managing Director

(c) Number of Meetings and Attendance

No meeting was held during the year as the Company ceased to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years. The Board of Directors in its meeting held on May 24, 2019 dissolved the CSR committee and decided to re-constitute the same as and when the provision of the Act would become applicable.

Remuneration of Directors

The Non-executive Directors are paid remuneration by way of sitting fees. The details of sitting fees paid to the Non-executive Directors during the financial year 2019 - 20 are given below :

Name	Sitting Fees (Rs.)
Dr. S. D. Israni	2,00,000/-
Mr. Rajiv Batra	80,000/-
Mr. N. Santhanam	2,00,000/-
Mrs. Pheroza Jimmy Bilimoria	2,00,000/-

The details of sitting fees paid to the Audit Committee Members during the financial year 2019 - 20 are given below :

Name	Sitting Fees (Rs.)
Mr. N. Santhanam	1,00,000/-
Dr. S. D. Israni	1,00,000/-
Mrs. Pheroza Jimmy Bilimoria	1,00,000/-
Mr. Rajesh Batra	—

REPORT ON CORPORATE GOVERNANCE

The details of sitting fees paid to the Nomination & Remuneration Committee Members during the financial year 2019 - 20 are given below :

Name	Sitting Fees (Rs.)
Dr. S. D. Israni	80,000/-
Mr. N. Santhanam	80,000/-
Mrs. Pheroza Jimmy Bilimoria	80,000/-

The details of sitting fees paid to the Stakeholders Grievance Committee Members during the financial year 2019 - 20 are given below :

Name	Sitting Fees (Rs.)
Dr. S. D. Israni	40,000/-
Mrs. Pheroza Jimmy Bilimoria	40,000/-
Mr. Rajesh Batra	—

The appointment of Mr. Rajesh Batra, 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 Mr. Rajesh Batra, Managing Director during the financial year 2019 - 20 are given below:

(Amount in Rs.)

Basic	HRA	Conveyance	Special Allowance	Medical	LTA	Bonus	Total
28,05,800	2,23,340	19,200	77,630	15,000	1,24,000	16,800	32,81,770

Presently, the Company does not have a scheme for grant of stock options either to the Directors or to the employees.

Details of Service Contracts, Notice Period, etc. of all the Directors for the financial year ended March 31, 2020:

Directors	Contract Period (Tenure)	Service Contract	Notice Period & Severance Fees
Managing Director	3 years w.e.f June 1, 2019 to May 31, 2022	Yes	Six months' notice or six months' salary, in lieu thereof
Non-Executive, Non-Independent Director	None. The Non-Executive Directors, liable to retire by rotation, get re-appointed as per the provisions of Articles of Association of the Company and the Companies Act, 2013.	No	None
Non-Executive, Independent Director	None. The Non-Executive Independent Directors are appointed for a fixed term of 5 years.	No	None

The criteria for payment to non-executive Directors is in line with practices followed by similar sized Companies keeping in view the role, responsibilities and contribution of the non-executive Directors.

REPORT ON CORPORATE GOVERNANCE

Independent Directors' Meeting:

As a part of healthy Corporate Governance, as mandated under Schedule IV of the Companies Act 2013 and the Rules thereunder the independent directors met on February 12, 2020 without the presence of Managing Director, Non- Independent Directors and Management Team. The meeting was attended by all Independent Directors 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 fields 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.

7. General Body Meetings

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

	I (AGM)	II (AGM)	III (AGM)
Date	14/08/2019	17/09/2018	08/09/2017
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.	10.30 a.m.	10.30 a.m.

- (b) Whether any Special Resolutions were passed in the previous three AGMs?
Yes
- (c) Whether any Special Resolutions were passed last year through postal ballot - details of voting pattern.
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:

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

REPORT ON CORPORATE GOVERNANCE

8. Means of Communication

- (a) Quarterly, half yearly and annual financial results are announced as stipulated under Regulation 33 of SEBI (LODR) Regulation 2015.:
- (b) Newspapers wherein results published:
Business Standard (in English) and Sakal (in Marathi)
- (c) Any website, where displayed:
www.cravatex.com
- (d) Whether website also displays official news releases: No
- (e) Whether presentations made to institutional investors or to the analysts : No

9. General Shareholder Information

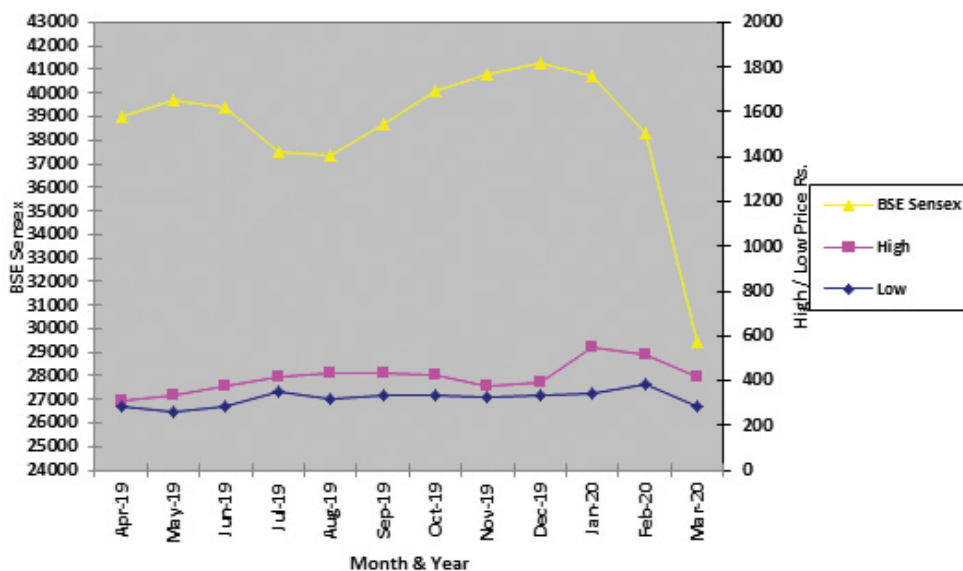
- (a) Annual General Meeting will be held on Thursday, August 13, 2020 at 3.30 p.m. through VC/OAVM of NSDL.
- (b) Financial Year : April 1 to March 31
Annual General Meeting 2019-20 : Thursday, August 13, 2020
Results for quarter ending June 30, 2020 : Second week of August, 2020
Results for quarter ending September 30, 2020 : Second week of November, 2020
Results for quarter ending December 31, 2020 : Second week of February, 2021
Results for the year ending March 31, 2021 : On or Before May 30, 2021
- (c) Dividend Payment Date : On or before September 11, 2020
- (d) Listing on Stock Exchange : Company's shares are listed on BSE Ltd. located at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
The Company has paid the listing fees to BSE on 08/04/2019.
- (e) Stock Code : 509472
SYMBOL : CRAVATEX
Demat ISIN : INE145E01017
- (f) Market Price Data : High: Rs.549.75 (23/01/2020)
(Financial Year 2019 – 20) Low: 260.00 (22/05/2019)

REPORT ON CORPORATE GOVERNANCE

High, Low and Number of Shares Traded during each month in the financial year 2019-20 on BSE Limited :

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr-19	305.50	284.40	1,924	64	5,65,493
May-19	331.70	260.00	2,346	64	7,36,742
Jun-19	376.50	281.00	5,804	215	20,07,353
Jul-19	414.00	352.45	8,032	267	31,28,595
Aug-19	435.00	320.00	6,420	149	24,64,973
Sep-19	434.50	337.60	7,168	149	29,88,312
Oct-19	426.00	338.15	4,338	182	15,71,016
Nov-19	378.00	326.00	7,194	182	25,24,787
Dec-19	394.95	331.00	5,436	104	19,52,124
Jan-20	549.75	342.90	8,597	557	40,18,467
Feb-20	518.00	385.70	4,914	178	23,50,354
Mar-20	415.00	285.00	1,786	58	6,34,681

(g) Stock Performance in Comparison to BSE Sensex :



(h) None of the Securities of the Company have been suspended from trading by BSE.

REPORT ON CORPORATE GOVERNANCE

(i) Registrars & Share Transfer Agents:

Sharex Dynamic (India) Private Limited
C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083

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 : :support@sharexindia.com

Website : www.sharexindia.com

(Previous address upto May 17, 2019)

Unit No.1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road
Andheri (East), Mumbai - 400072

(j) Share Transfer System:

95.92% 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.

(k) Distribution of Shareholding as on March 31, 2020 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
upto 100	1,351	74.35	62,213	2.41
101 to 200	189	10.40	30,416	1.17
201 to 500	153	8.42	50,095	1.94
501 to 1000	58	3.19	45,757	1.77
1001 to 5000	50	2.75	94,630	3.66
5001 to 10000	4	0.22	27,300	1.06
10001 to 100000	11	0.61	3,52,179	13.63
10001 and above	1	0.06	19,21,570	74.36
Total	1,817	100.00	25,84,160	100.00

Shareholding Pattern as on March 31, 2020

Equity Share Capital (Listed on BSE)

Category	No. of Shares	% To Equity Paid-up Capital
Promoters	19,38,120	75.00
Bodies Corporate	16,547	0.64
Public	5,64,523	21.85
NRI	10,187	0.39
HUF	15,123	0.59
IEPF	39,452	1.53
Clearing Member	208	0.01
Total Equity Capital	25,84,160	100.00

REPORT ON CORPORATE GOVERNANCE

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

Category	No. of Shares	% To Preference Paid-up Capital
Promoters	75,75,000	100.00
Total Preference Capital	75,75,000	100.00

(l) Dematerialisation of equity shares and liquidity

The Equity Shares of the Company are available for dematerialisation (holding of shares in electronic form) on both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Of the Company's total shareholding, 24,78,709 (95.92%) equity shares were held in dematerialised mode by the Members of the Company of which 23,33,725 (90.31%) equity shares were under National Securities Depository Limited (NSDL) and balance 1,44,984 (5.61%) equity shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2020.

(m) Outstanding global depository receipts or American depository receipts or warrants or any other convertible instruments, conversion date and likely impact on equity : None

(n) Commodity price risk or foreign exchange risk and hedging activities : None

(o) Plant Location

None

(p) Address for Correspondence

Registered Office:

(w.e.f. December 1, 2019)

Unit No. 201, 2nd Floor

Matulya Centre, Senapati Bapat Marg

Lower Parel (West)

Mumbai - 400 013

Tel. No.: 022-6666 7474, Fax No.: 022-2497 3210

E-mail : investors@cravatex.com

(Upto November 30, 2019)

4th Floor, Sahas, 414/2

Veer Savarkar Marg

Prabhadevi

Mumbai - 400 025

(q) Credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad : None

10. Other Disclosures:

(a) There are no material related party transactions during the year under review that has conflict with the interests of the Company.

The transactions entered into with related parties during FY 2020 were in ordinary course of business and at arm's length basis and were approved by the Audit Committee.

(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 and Vigil Mechanism in terms of Regulation 22 of SEBI Listing Regulation. The Company does not deny access to any personnel to approach the audit committee on any issue. The policy has been uploaded on the Company's website.

(d) The Company has complied with all the mandatory requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has not adopted any of the non-mandatory requirements.

(e) The policy on dealing with material subsidiaries is available on the website of the Company under section Policies and Procedures at www.cravatex.com/investors.

REPORT ON CORPORATE GOVERNANCE

- (f) The policy on dealing with related party transactions is available on the website of the Company under section Policies and Procedures at www.cravatex.com/investors.
- (g) Commodity price risks and commodity hedging activities : None
- (h) Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under regulation 32(7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 : Not Applicable.
- (i) A certificate has been obtained from a company secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.
- (j) The Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year : None
- (k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is as follows :

Sr. No.	Name of the Company	Relationship	Name of the Statutory Auditor	Amount Paid
1.	Cravatex Limited	N.A.	GPS & Associates	6.75 lacs
2.	Cravatex Brands Limited	Subsidiary	B S R & Co. LLP	18.00 lacs
3.	BB (UK) Limited	Foreign Subsidiary	SRV Delson	GBP 27,250

11. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- (a) number of complaints filed during the financial year : Nil
- (b) number of complaints disposed of during the financial year : Nil
- (c) number of complaints pending as on end of the financial year : Nil
12. Non-compliance of any requirement of corporate governance report of Schedule V, Para C, sub-paras (2) to (10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 : None
13. Extent to which discretionary requirements as specified in Part E of Schedule II have been adopted : None
14. The company has complied with corporate governance requirements specified in regulation 17 to 27 and clause b to l of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
15. The Managing Director and Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
16. Demat Suspense Account / Unclaimed Suspense Account : None

For and on behalf of the Board of Directors

Rajesh Batra
 Chairman & Managing Director
 DIN: 00020764

Place : Mumbai

Dated : June 29, 2020

CIN : L93010MH1951PLC008546

Registered Office:

Matulya Center, 2nd Floor

Senapati Bapat Marg

Lower Parel (W), Mumbai - 400013.

Tel. No.: +91 22 66667474, Fax No.: +91 22 24973210

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, 2020.

For Cravatex Limited,

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

Place : Mumbai

Dated : June 29, 2020

CIN : L93010MH1951PLC008546

Registered Office:

Matulya Center, 2nd Floor

Senapati Bapat Marg

Lower Parel (W), Mumbai - 400013.

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E-mail: investors@cravatex.com

Website: www.cravatex.com

REPORT ON CORPORATE GOVERNANCE

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Cravatex Limited

I have examined the compliance of conditions of Corporate Governance by **Cravatex Limited**, for the year ended on March 31, 2020, 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. My 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 my opinion and to the best of my information and according to the explanations given to us and the representations made by the Directors and the Management, I 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 *except disclosure as specified in Schedule V(C) Point 10(l) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 in the Corporate Governance Report in Annual Report of the Company for the financial year 2018-19. However the Company has disclosed the same in Board's Report.*

I 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
Practicing Company Secretaries

Hemanshu Kapadia

Proprietor

C.P. No. 2285

Membership No.: F3477

UDIN: F003477B000394417

Place : Mumbai

Dated : June 29, 2020

AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of Cravatex Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Cravatex Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income/expense, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accuracy of writing-off of Fixed asset</p> <p>As at March 31, 2020, some of the fixed assets were written off.</p>	<p>Principal Audit Procedures</p> <p>We have evaluated the written off fixed assets on the basis of Managements evaluation of its usefulness & formed an opinion on accuracy of entries passed in the books of accounts.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

AUDITORS' REPORT

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITORS' REPORT

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 purposes 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 relevant books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 A". 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h. 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) Rules, 2014, as amended 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 financial statements.
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

H. Y. Gurjar
Partner
 Membership No. 032485
 "UDIN:20032485AAAAAG2489"

Place : Mumbai
 Dated : June 29, 2020

AUDITORS' REPORT

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(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, 2020 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, 2020, 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
"UDIN:20032485AAAAAG2489"

Place : Mumbai
Dated : June 29, 2020

AUDITORS' REPORT

Annexure "B" 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, 2020 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
"UDIN:20032485AAAAAG2489"

Place : Mumbai
Dated : June 29, 2020

BALANCE SHEET

BALANCE SHEET AS AT 31 MARCH, 2020

Particulars	Note No.	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
(A) ASSETS			
(1) Non-Current assets			
(a) Property, Plant and Equipment	3(a)	110.33	160.96
(b) Investment Property	3(b)	640.73	672.70
(c) Other Intangible Assets	3(c)	80.53	98.31
(d) Financial Assets			
(i) Investments	4	3,312.85	3,312.85
(ii) Loans	5	8.16	8.16
(e) Other Non-Current Assets	6	13.50	13.50
Total Non - Current Assets		4,166.09	4,266.48
(2) Current assets			
(a) Inventories	7	1.26	4.04
(b) Financial Assets			
(i) Investments	8	197.58	100.77
(ii) Trade receivables	9	62.85	23.10
(iii) Cash and cash equivalents	10	13.67	83.39
(iv) Bank balances other than (iii) above	11	6.90	7.56
(v) Others	12	3.67	35.00
(c) Current Tax Assets (Net)	13	74.91	67.40
(d) Other current assets	14	13.04	16.80
Total Current Assets		373.89	388.06
TOTAL ASSETS		4,539.98	4,604.54
(B) EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share capital	15	258.42	258.42
(b) Other Equity	16	3,049.22	2,925.77
Total Equity		3,307.64	3,184.19
(2) LIABILITIES			
(I) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	388.88	491.20
(ii) Others	18	28.20	27.85
(b) Deferred tax liabilities (Net)	19	85.03	106.42
(c) Other Non-Current Liabilities	20	328.94	338.28
(d) Provisions	21	5.08	3.08
Total Non Current Liabilities		836.13	966.82
(II) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	9.92	119.60
(ii) Trade payables	23	80.59	15.31
a. Due to Micro and small enterprises			
b. Due to creditors other than micro and small enterprises			
(iii) Others	24	287.58	291.52
(b) Other Current Liabilities	25	17.81	25.82
(c) Provisions	26	0.31	1.28
Total Current Liabilities		396.21	453.53
TOTAL EQUITY AND LIABILITIES		4,539.98	4,604.54
Corporate Information	1		
Significant accounting policies	2		
Notes Forming Part of the Financial Statements	33-46		

As per our report of even date

For and on behalf of the Board of CRAVATEX LTD.

For **GPS & ASSOCIATES**

Chartered Accountants

Firm Registration No. 121344W

H.Y. Gurjar

Partner

Membership No. 032485

Place : Mumbai

Dated : June 29, 2020

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

Executive Director & CFO

DIN: 08730430

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 31 MARCH, 2020

Particulars	Note No.	2019-20 Rs. in Lacs	2018-19 Rs. in Lacs
INCOME			
Revenue from operations	27	242.07	103.95
Other Income	28	711.44	707.70
TOTAL INCOME		953.51	811.65
EXPENSES			
Purchase of Stock-in-Trade		228.33	70.70
Change in Inventories of Stock in Trade	29	2.78	33.26
Employee benefits expense	30	114.81	99.97
Finance costs	31	80.07	101.59
Depreciation expenses	3 (a)/(b)/(c)	84.87	82.92
Other expenses	32	187.36	128.00
TOTAL EXPENSES		698.22	516.44
Profit / (Loss) before exceptional items		255.29	295.21
Exceptional items			—
Profit / (Loss) before tax		255.29	295.21
Tax expense :			
Current Tax	35	(44.53)	(69.50)
Deferred tax	35	21.39	11.31
Excess Tax Provision for Earlier years	35	—	(10.58)
Profit / (Loss) for the period		232.15	226.44
Other Comprehensive Income/(loss) for the period :			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(5.32)	(1.97)
Total Comprehensive Income/(loss) for the period		226.83	224.47
Basic and Diluted Earnings per Equity share (In Rs)	34	8.98	8.76
Corporate Information	1		
Significant accounting policies	2		
Notes Forming Part of the Financial Statements	33-46		

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 : June 29, 2020

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

Executive Director & CFO

DIN: 08730430

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, 2020

(A) EQUITY SHARE CAPITAL

Particulars	31 March 2020		31 March 2019	
	Number of Shares	Amount Rs. in Lacs	Number of Shares	Amount Rs. in Lacs
At the commencement of the year	25.84	258.42	25.84	258.42
Add: Shares issued during the year	—	—	—	—
At the end of the year	25.84	258.42	25.84	258.42

(B) OTHER EQUITY

Particulars	Reserves and surplus					Total attributable to equity shareholders
	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Export Profit Reserve	
(a) Balance at 1 April 2018	67.67	2,638.87	18.92	—	1.68	2,727.14
Profit for the year	226.44	—	—	—	—	226.44
Other comprehensive income for the year	(1.97)	—	—	—	—	(1.97)
Equity Dividend Paid during the year	—	(25.84)	—	—	—	(25.84)
Transferred from General reserve	—	—	—	48.25	—	48.25
Transferred to Capital Redemption Reserve	—	(48.25)	—	—	—	(48.25)
(b) Total comprehensive income for the year	224.47	(74.09)	—	48.25	—	198.63
(c) Balance at 31 March 2019 (a)+(b)	292.14	2,564.79	18.92	48.25	1.68	2,925.78
Profit for the year	232.15	—	—	—	—	232.15
Other comprehensive income for the year	(5.32)	—	—	—	—	(5.32)
Equity Dividend Paid during the year	—	(103.37)	—	—	—	(103.37)
Transferred from General reserve	—	—	—	94.25	—	94.25
Transferred to Capital Redemption Reserve	—	(94.25)	—	—	—	(94.25)
(d) Total comprehensive income for the year	226.83	(197.62)	—	94.25	—	123.46
(e) Balance at 31 March 2020 (c)+(d)	518.97	2,367.17	18.92	142.50	1.68	3,049.24

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 : June 29, 2020

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

Executive Director & CFO

DIN: 08730430

N. Santhanam

Independent Director

DIN: 00027724

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH, 2020

	For the year ended 31st March 2020 Rupees in Lacs	For the year ended 31st March 2019 Rupees in Lacs
A Cash flow from operating activities		
Net profit/(loss) before tax	255.29	295.21
Adjustments for:		
Depreciation	84.87	82.92
Interest income	(2.42)	(6.18)
Rent Income	(331.94)	(312.85)
Gain on Investments	(0.54)	(0.03)
Loss on debts measured at fair value	54.03	73.94
Fixed assets written off	16.54	11.08
Bad debts	35.00	—
Dividend Income	(274.70)	(276.60)
Investment measured at fair value	0.55	(0.18)
Finance Cost	8.20	27.65
Operating profit before working capital changes	(155.11)	(105.03)
Adjustments for:		
(Increase)/Decrease in Trade Receivables	(39.75)	18.90
(Increase)/Decrease in Inventories	2.78	33.26
(Increase)/Decrease in Loans & Advances	—	3.50
(Increase)/Decrease in Other Assets	0.09	3.06
Increase/(Decrease) in Trade Payable	65.28	(20.54)
Increase/(Decrease) in Other Liabilities	(21.30)	(48.20)
Increase/(Decrease) in Provisions	(4.28)	2.39
Cash generated from operations	(152.29)	(112.67)
Direct taxes Refund/(paid)	(52.04)	(7.90)
Net cash from operating activities	(204.33)	(120.57)
B Cash flow from investing activities		
Additions to Fixed assets	(1.03)	(0.59)
Loss on sale of assets/assets written off	—	0.03
Purchase of Investments	(97.36)	(100.77)
Sale of Fixed assets	—	0.25
Gain on Investments	0.54	0.20
Other Bank Balances	0.66	0.93
Dividend Income	274.70	276.60
Rent Income	331.94	312.85
Interest received	2.42	6.18
Net cash from / (used in) investing activities	511.86	495.69
C Cash flow from financing activities		
Repayment from Long-term Borrowings	(156.00)	(414.36)
Repayment of Short-term Borrowings	(109.69)	53.44
Interest Paid	(8.20)	(27.65)
Dividend Paid	(103.37)	(25.84)
Net cash from / (used in) financing activities	(377.25)	(414.41)
D Net cash flows during the year (A+B+C)	(69.72)	(39.29)
Cash and cash equivalents (opening balance)	83.39	122.67
Cash and cash equivalents (closing balance) (Refer Note-10)	13.67	83.39

Notes:

1. The above cashflow statement has been prepared under 'indirect Method' as set out in in the Indian Accounting standard-7 on Statement on Cash Flows.

As per our report of even date

For and on behalf of the Board of CRAVATEX LTD.

For **GPS & ASSOCIATES**

Chartered Accountants

Firm Registration No. 121344W

H.Y. Gurjar

Partner

Membership No. 032485

Place : Mumbai

Dated : June 29, 2020

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

Executive Director & CFO

DIN: 08730430

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.

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.

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.

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.

NOTES TO FINANCIAL STATEMENT

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.

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.

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.

NOTES TO FINANCIAL STATEMENT

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:

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

- a. Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.
- b. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.
- c. Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.
- d. Interest income is recognised using the effective interest rate (EIR) method.

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.

NOTES TO FINANCIAL STATEMENT

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) 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.

NOTES TO FINANCIAL STATEMENT

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.

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.

NOTES TO FINANCIAL STATEMENT

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.

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.

NOTES TO FINANCIAL STATEMENT

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) De-recognition

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) Off setting

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.

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).

NOTES TO FINANCIAL STATEMENT

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 2020

(Rs. in Lacs)

Description	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 31 March 2018	175.82	90.63	383.37	12.46	88.51	212.61	72.92	1,036.32
Additions	—	—	—	—	—	0.45	—	0.45
Deletions / discarded / adjustments	139.08	14.60	204.18	—	29.62	202.67	24.30	614.45
Balance as at 31 March 2019	36.74	76.03	179.19	12.46	58.89	10.39	48.62	422.32
Additions	—	—	1.03	—	—	—	—	1.03
Deletions / discarded / adjustments	—	—	—	—	—	—	8.48	8.48
Balance as at 31 March 2020	36.74	76.03	180.21	12.46	58.89	10.39	40.14	414.88
Accumulated depreciation								
Balance as at 31 March 2018	162.02	52.17	274.86	8.19	54.89	204.30	59.15	815.58
Charge for the year	6.98	5.59	18.20	1.04	6.02	3.52	7.51	48.86
Deletions/Adjustments	139.08	14.50	197.20	—	28.30	199.71	24.30	603.08
Balance as at 31 March 2019	29.92	43.26	95.87	9.23	32.61	8.10	42.37	261.36
Charge for the year	4.98	13.15	17.84	2.62	5.64	1.78	4.49	50.50
Deletions/Adjustments	—	—	—	—	—	—	7.30	7.30
Balance as at 31 March 2020	34.90	56.41	113.71	11.84	38.25	9.88	39.56	304.55
Net carrying amount								
As at 31 March 2019	6.82	32.77	83.31	3.23	26.28	2.29	6.25	160.96
As at 31 March 2020	1.84	19.62	66.51	0.61	20.64	0.51	0.59	110.33

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 2020

Description	(Rs. in Lacs)	
	Building	Total
Gross carrying value (at deemed cost)		
Balance as at 31 March 2018	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	—	—
Balance as at 31 March 2019	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	17.52	17.52
Balance as at 31 March 2020	1,019.19	1,019.19
Accumulated depreciation		
Balance as at 31 March 2018	347.71	347.71
Charge for the year	16.30	16.30
Deletions/Adjustments	—	—
Balance as at 31 March 2019	364.01	364.01
Charge for the year	16.60	16.60
Deletions/Adjustments	2.15	2.15
Balance as at 31 March 2020	378.46	378.46
Net carrying amount		
As at 31 March 2019 (Fair Market Value Rs.6,159.59 Lacs)	672.70	672.70
As at 31 March 2020 (Fair Market Value Rs.6,159.59 Lacs)	640.73	640.73

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.

Note: Amounts recognized in profit and loss in respect of investment property

Rupees in Lacs

Particulars	As at March 31, 2020	As at March 31, 2019
Rent Income	331.94	312.85
Less: Depreciation	(16.60)	(82.92)
Less: Society charges & others	(41.54)	(37.65)
Profit	273.80	192.28

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(c) Other Intangible assets

Following are the changes in the carrying value of Intangible Assets for the year ended on March,31 2020

Description	(Rs. in Lacs)	
	Software	Total
Gross carrying value (at deemed cost)		
Balance as at 31 March 2018	186.72	186.72
Additions	0.13	0.13
Deletions / discarded / adjustments	—	—
Balance as at 31 March 2019	186.85	186.85
Additions	—	—
Deletions / discarded / adjustments	—	—
Balance as at 31 March 2020	186.85	186.85
Accumulated depreciation		
Balance as at 31 March 2018	70.78	70.78
Charge for the year	17.77	17.77
Deletions/Adjustments	—	—
Balance as at 31 March 2019	88.54	88.54
Charge for the year	17.78	17.78
Deletions/Adjustments	—	—
Balance as at 31 March 2020	106.32	106.32
Net carrying amount		
As at 31 March 2019	98.31	98.31
As at 31 March 2020	80.53	80.53

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 4 — NON CURRENT FINANCIAL INVESTMENTS		
In Equity instruments Of Subsidiary Companies (At Cost)		
Unquoted		
50,000 (2019 – 50,000) ordinary shares of £ 1 each of BB (UK) Ltd	41.85	41.85
32,71,000 (2019 – 32,71,000) Equity shares of Rs. 100 each of Cravatex Brands Ltd	3,271.00	3,271.00
Total	3,312.85	3,312.85
NOTE 5 — NON-CURRENT FINANCIAL LOANS		
(Unsecured, Considered Good)		
Security Deposites & Others	8.16	8.16
Total	8.16	8.16
NOTE 6 — OTHER NON-CURRENT ASSETS		
(Unsecured, Considered Good)		
Advance with Customs authorities [Refer Note No 33(5)]	13.50	13.50
Total	13.50	13.50
NOTE 7 — INVENTORIES		
Stock-in-Trade		
(At lower of cost and net realisable value)	1.26	4.04
Total	1.26	4.04
NOTE 8 — CURRENT FINANCIAL INVESTMENTS		
Investment measured at fair value through profit & loss A/c		
Investment in Mutual Fund	197.58	100.77
Total	197.58	100.77
<i>Aggregate book value of unquoted investments</i>	<i>197.03</i>	<i>100.59</i>
NOTE 9 — TRADE RECEIVABLES		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	—	—
Other Trade Receivables	62.85	23.10
Total	62.85	23.10

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 10 — CASH AND CASH EQUIVALENTS		
(a) Balances with banks in:		
Current accounts	13.59	83.31
(b) Cash in hand	0.08	0.08
Total	<u>13.67</u>	<u>83.39</u>
NOTE 11 — OTHER BANK BALANCES		
Unpaid Dividend Accounts	6.90	7.56
Total	<u>6.90</u>	<u>7.56</u>
NOTE 12 — OTHER CURRENT FINANCIAL ASSETS		
(Unsecured, considered good)		
Other Loans & Advances	—	35.00
Due from Subsidiary Company	3.67	—
Total	<u>3.67</u>	<u>35.00</u>
NOTE 13 — CURRENT TAX ASSETS		
Taxes Paid Net of Provisions	74.91	67.40
Total	<u>74.91</u>	<u>67.40</u>
NOTE 14 — OTHER CURRENT ASSETS		
Prepaid Expenses	13.04	13.03
Gratuity obligation (net)	—	3.77
Total	<u>13.04</u>	<u>16.80</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 15 — EQUITY		
Authorised:		
48,50,000 (2019 – 48,50,000) Equity shares of Rs.10 each	485.00	485.00
1,01,50,000 (2019 – 1,01,50,000) Preference Shares of Rs. 10 each	1,015.00	1,015.00
Total	1,500.00	1,500.00
Issued, Subscribed and Fully Paid:		
25,84,160 (2019 – 25,84,160) Equity shares of Rs.10 each	258.42	258.42
Total	258.42	258.42

Notes:

1) Reconciliation of Number of Shares:

Particulars	As at 31st March 2020		As at 31st March 2019	
	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

Name of the Shareholders

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

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
1) R. B. Fitness & Trading Pvt. Ltd.		
No. of Shares held	1,921,570	1,921,570
% Held	74.36%	74.36%

Terms/rights attached to the Equity Shares

The Company has only one class of equity shares having at 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.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 16 — OTHER EQUITY		
Capital Reserve	18.92	18.92
Export Profit Reserve	1.68	1.68
Capital Redemption Reserve	142.50	48.25
General Reserve	2,367.17	2,564.78
Retained Earnings	518.96	292.14
Total	3,049.22	2,925.77

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.

Capital Redemption Reserve

Capital Redemption Reserve has been created out of free reserves of the Company on account of redemption of preference shares.

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.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 17 — NON CURRENT FINANCIAL BORROWINGS		
(a) Secured		
Term Loan from Bank	—	9.61
(b) Unsecured		
75,75,000 (2019 – 85,17,500), 4% Non-convertible Cumulative Redeemable Preference shares of Rs.10 each	388.88	481.59
Total	388.88	491.20

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTES:

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.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 18 — OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security Deposits Received	28.20	27.85
Total	28.20	27.85
NOTE 19 — DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Deferred tax liabilities	85.03	189.12
MAT Credit	—	(82.70)
Total	85.03	106.42
NOTE 20 — OTHER NON-CURRENT LIABILITIES		
Deferred Income	328.94	338.28
Total	328.94	338.28
NOTE 21 — NON-CURRENT PROVISIONS		
Provision for employee benefits:		
Compensated absences	5.08	3.08
Total	5.08	3.08
NOTE 22 — CURRENT FINANCIAL BORROWINGS		
Current maturities of long-term borrowings	9.92	119.60
Total	9.92	119.60

NOTES:

Current Maturities of Long Term Borrowings:

- 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

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 23 — TRADE PAYABLES		
Due to Micro & Small enterprises	—	—
Due to creditors other than Micro & Small enterprises	80.59	15.31
Total	<u>80.59</u>	<u>15.31</u>

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2019, 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.

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 24 — OTHER CURRENT FINANCIAL LIABILITES		
Security Deposits Received	227.67	221.98
Interest Accrued but not due	41.01	43.33
Unpaid Dividend	6.90	7.56
Other Liabilities		
Subsidiary Company	—	0.45
Others	12.00	18.20
Total	<u>287.58</u>	<u>291.52</u>
NOTE 25 — OTHER CURRENT LIABILITES		
Other Liabilities (including Statutory dues)	7.44	5.93
Deferred Lease Income	7.54	19.89
Gratuity Obligation (Net)	2.83	—
Total	<u>17.81</u>	<u>25.82</u>
NOTE 26 — CURRENT PROVISIONS		
Provision for employee benefits:		
Compensated absences	0.31	1.28
Total	<u>0.31</u>	<u>1.28</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	2019-20 Rs. in Lacs	2018-19 Rs. in Lacs
NOTE 27 — REVENUE FROM OPERATIONS		
Sale of products	242.07	103.95
Total	<u>242.07</u>	<u>103.95</u>
NOTE 28 — OTHER INCOME		
Interest Income		
Bank & Other Interest	2.42	6.18
Financial Instruments carried at amortised cost	48.05	55.78
Dividend Income	274.70	276.60
License fees	331.94	312.85
Service Fees	53.79	56.26
Gain on Sale of Investments	0.54	0.03
Total	<u>711.44</u>	<u>707.70</u>
NOTE 29 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE		
Opening stock		
Stock-in-trade	4.04	37.30
Closing stock		
Stock-in-trade	1.26	4.04
(Increase)/Decrease in stock	<u>2.78</u>	<u>33.26</u>
NOTE 30 — EMPLOYEE BENEFITS EXPENSE		
Salaries and wages (including bonus and gratuity)	107.99	93.70
Contributions to:		
Provident, Family Pension and other Funds	5.63	5.08
Employees State Insurance Scheme	—	0.07
Staff welfare expenses	1.19	1.12
Total	<u>114.81</u>	<u>99.97</u>
NOTE 31 — FINANCE COSTS		
Interest expense	9.44	23.34
Other borrowing costs	70.63	78.25
Total	<u>80.07</u>	<u>101.59</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 32 — OTHER EXPENSES

	2019-20 Rs. in Lacs	2018-19 Rs. in Lacs
Insurance	2.00	1.87
Rates and taxes	9.31	31.74
Printing and stationery	2.93	3.91
Communications	1.18	1.78
Repairs & Maintenance	30.38	25.89
Advertisement and publicity	1.82	1.66
Travelling and conveyance	2.95	2.19
Commission and brokerage	10.66	3.72
Professional, Legal and Consultancy charges	43.77	20.93
Directors fees	13.60	6.30
Auditors' remuneration (Refer Note Below)	6.75	5.00
Bank Charges not related to borrowings	0.52	3.19
Loss on sale of asset	—	0.04
Bad Debts	35.00	0.12
Other expenses	26.49	19.66
Total	187.36	128.00

PAYMENT TO AUDITORS

	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
Statutory Audit fees	4.00	3.00
Tax Audit Fees	0.75	1.30
Others	2.00	0.70
Total	6.75	5.00

NOTE 33 — CONTINGENT LIABILITIES (to the extent not provided for)**Other money for which the Company is contingently liable**

	Reference No.	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
1) Demands under Wealth Tax Act	1	51.25	51.25
2) Demands under Income Tax Act	2, 3 & 4	25.43	25.43
3) Demands under Customs Act	5 & 6	133.50	133.50
Total		210.18	210.18

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Notes:

- 1 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.
- 2 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.
- 3 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.
- 4 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.
- 5 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.
- 6 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.
- 7 The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v/sEPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

NOTE 34 — EARNING PER SHARE

(Disclosure Pursuant to Ind AS-33)

	2019-20 Rs. in Lacs	2018-19 Rs. in Lacs
Net Profit/(Loss) as per Profit and Loss Account	232.15	226.44
Weighted Average Number of Equity Shares	2,584,160	2,584,160
Basic/ Diluted Earning per shares	8.98	8.76
Nominal Value per Share (Rs.)	10.00	10.00

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	FY 2019-20 Rs. in Lacs	FY 2018-19 Rs. in Lacs
NOTE 35 — INCOME TAXES		
(A) Tax expense recognised in profit and loss		
Current tax		
Current tax	44.53	69.50
Excess Tax Provision for Earlier years	—	10.58
Deferred Tax (net)		
Deferred tax (credit) /charge	(21.39)	(11.31)
Tax expense for the year	23.15	68.77
(B) Reconciliation of Effective Tax Rate:		
Profit before tax	255.29	295.21
Applicable Tax Rate	25.17%	26.00%
Income tax expense calculated at above rate	64.26	76.75
Adjustments of Current Tax for prior period	—	10.58
Adjustment for income taxable at lower rates	(22.62)	(30.43)
Tax Loss for which no deferred income tax was recognised	(17.25)	11.86
Tax effects of amounts which are not deductible (taxable) in calculating taxable income	—	—
Income tax expense recognised in profit and loss	24.39	68.77

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

Particulars	As at 31st March 2019	Recognised in Statement of Profit & Loss Account	Recognised in OCI	(Rs. in Lacs) As at 31st March 2020
MAT Credit Entitlements	82.70	(82.70)	—	—
Others	(189.12)	104.09	—	(85.03)
Deferred tax liabilities	(106.42)	21.39	—	(85.03)

(D) Impact of IND AS adjustments on Tax computation:

- Section 5 of the Income Tax Act states that profits are chargeable only when they accrue, arise or are received. Based on this provision of the Income Tax Act, it is a settled proposition that tax can be levied on real income and not any hypothetical or illusory income – **Shoorji vallabhdas & Co – (1962) 46 ITR 144 (SC) and Godhra Electricity Co. Ltd. - (1997) 225 ITR 746 (SC)**. These principles have been reiterated in ICDS-IV for revenue recognition under the Income Tax Act.
- The Supreme Court in **Indorama Synthetics India Ltd. – 330 ITR 263** held that the objective of the provisions of Minimum Alternate Tax (MAT) is to bring out real profits of the company, wherein, the thrust was to find out real working results of the company. Based on this decision, several ITATs have held that what is not income which is chargeable to tax also cannot be included for the purposes of book profit or computing of book profit u/s.115JB.
- Under IND-AS accounting framework, there are certain mandatory adjustments to incomes and expenditures, which are only conceptual and do not reflect real income/expenditure as per prevailing provisions of the Income Tax Act. Therefore, any levy of tax including tax u/s 115JB will be against the basic canons of taxation. In this factual background, based on the above jurisprudence, the impact of these adjustments as per IND AS is excluded from book profits while computing tax liability u/s.115JB resulting in a net addition of Rs.23,81,555/- to the book profits, details of which are as under:

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	(Rs. in Lacs)	
	Debit	Credit
Fair Valuation of Preference Shares	—	27.17
Mark to market profit on Mutual Fund	—	0.50
Amortisation of Notional Income on Security Deposits	—	19.42
Amortisation of Term Loan processing fees	1.24	—
Amortisation of Security Deposits	20.79	—
Fair Valuation of Preference Shares	49.84	—
Fair valuation on redemption of Preference Shares	—	0.96
Total	71.87	48.05
Net Impact in statement of profit & Loss	23.82	—

NOTE 36 — 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 2020 Gratuity Rs. in Lacs	31st March 2019 Gratuity Rs. in Lacs
(i) Change in Defined Benefit Obligation		
Balance at the beginning of the year	29.86	25.21
Adjustment of:		
Current Service Cost	1.56	—
Liability transferred out/ Divestments	—	—
Past Service cost	—	0.89
Interest Cost	2.10	1.89
Actuarial (gains)/losses recognised in Other Comprehensive Income:		
— Change in Financial Assumptions	1.18	0.47
— Change in Demographic Assumptions	—	—
— Experience Changes	4.15	1.40
Benefits Paid	—	—
Balance at the end of the year	38.85	29.86
(ii) Change in Fair value of assets		
Balance at the beginning of the year	33.63	31.38
Assets transferred out/ Divestments	—	—
Expected Return on Plan Assets excluding interest income	0.01	(0.10)
Interest Income	2.38	2.35
Re-measurements due to:		
Actual Return on Plan Assets less interest on Plan Assets	—	—
Contribution by the employer	—	—
Benefits Paid	—	—
Balance at the end of the year	36.02	33.63

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	31st March 2020 Gratuity Rs. in Lacs	31st March 2019 Gratuity Rs. in Lacs
(iii) Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(38.85)	(29.86)
Fair Value of Plan Assets	36.02	33.63
Net Asset / (Liability) in the Balance Sheet	(2.83)	3.77
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	1.56	0.89
Interest Cost	(0.27)	(0.46)
Past Service Cost	—	—
Expected Return on Plan Assets	—	—
Amount charged to the Statement of Profit and Loss	1.29	0.43
(v) Re-measurements recognized in Other Comprehensive Income (OCI):		
Changes in Financial Assumptions	1.18	0.47
Changes in Demographic Assumptions	—	—
Experience Adjustments	4.15	1.40
Actual return on Plan assets less interest on plan assets	(0.01)	0.10
Amount recognized in Other Comprehensive Income (OCI)	5.32	1.97
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	3.26	9.78
Between 1 and 5 years	12.56	11.00
Between 6 and 10 years	30.18	11.80
11 Years and above	9.45	9.03
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	38.85	29.86
1% increase in discount rate	(1.82)	(1.06)
1% decrease in discount rate	1.98	1.17
1% increase in salary escalation rate	1.47	0.79
1% decrease in salary escalation rate	(1.47)	(0.81)
1% increase in employee turnover rate	0.15	0.13
1% decrease in employee turnover rate	(0.17)	(0.14)
The major categories of plan assets as a percentage of total plan:		
Insurer Managed Funds	36.02	33.63
Actuarial Assumptions:		
Discount Rate (p.a.)	6.43%	7.07%
Expected Return on Plan Assets (p.a.)	6.43%	7.07%
Turnover Rate	20% and 7%	20% and 7%
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.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

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.

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 30 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is:

Particulars	31st March 2020 Rs. in Lacs	31st March 2019 Rs. in Lacs
Provident, Family Pension and other Funds	5.63	5.08
Employees State Insurance Scheme	—	0.07
Total	5.63	5.15

Compensated Absences:

The liability towards compensated absences is provided for based on actuarial valuation carried out by using Projected Accrued Benefit Method.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 37 — 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
SD Enterprises	Director's relative interest
Proline India Ltd.	Enterprises where common control exists
Tecfin Consultancy Services LLP	
Proline Exports Pvt Ltd.	
Crav Apparels Private Limited	

Name of Key Managerial Personnel

Nature of Relationship

(C) Key Management Personnel:

Mr. Rajesh Batra	Chairman & Managing Director
Mr. Divakar Kamath	President Corporate Affairs & Chief Financial Officer (CFO)
Mr. Rajiv Batra	Non-Executive Director (Ceased to be Director on expiry of term on 30.03.2020)
Mr. N.R. Mahalingam	Independent Director (Ceased to be Director on expiry of term on 31.03.2019)
Mr. H.K. Vakharia	Independent Director (Ceased to be Director on expiry of term on 31.03.2019)
Mr. S.D. Israni	Independent Director
Mr. N. Santhanam	Independent Director
Ms. Pheroza Jimmy Bilimoria	Independent Director
Mr. Sudhanshu Namdeo	Company Secretary

(D) The following transactions were carried out with the related parties in the ordinary course of business:

Nature of Transaction/Relationship	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
Interest Expenses		
Proline Exports Private Limited	—	5.55
Dividend Received		
BB UK Ltd.	266.93	275.52
Service Charges Received on SAP		
Cravatex Brands Ltd.	37.47	38.56
Proline India Ltd.	16.32	17.34
Rent Income		
Cravatex Brands Limited	17.20	35.05
Purchase of Products		
Cravatex Brands Limited	—	5.51

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Nature of Transaction/Relationship	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
Inter-Corporate Deposit repaid		
Proline Exports Private Limited	—	150.00
Director Sitting Fee	13.60	6.30
(E) Outstanding balances:		
Trade Receivables		
— Cravatex Brands Limited	3.67	—
Trade Payables		
— Cravatex Brands Limited	—	0.45
(F) Compensation of Key Management Personnel of the Company:		
Short Term Employee Benefits	78.07	61.91
Other Long Terms Benefits	3.90	3.54
Total Compensation	<u>81.97</u>	<u>65.45</u>

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 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
NOTE 38 — FINANCIAL INSTRUMENTS		
Classification of Financial Assets and Liabilities:		
Financial assets at Amortized cost:		
Loans (Non Current)	8.16	8.16
Trade Receivables	62.85	23.10
Cash and Cash Equivalents	13.67	83.39
Other Bank Balances	6.90	7.56
Other Current Financial Assets	3.67	35.00
Financial assets at Fair Value through Profit and Loss Account		
Investment (Current)	197.58	100.77
Financial assets at Fair Value through Other Comprehensive Income		
Investment (Non Current)	3,312.85	3,312.85
Total	<u>3,605.68</u>	<u>3,570.83</u>
Financial Liabilities at Amortized cost:		
Borrowings (Non Current)	388.88	491.20
Borrowings (Current)	9.92	119.60
Other Non Current Financial Liabilities	28.20	27.84
Trade Payables	80.59	15.31
Other Current Financial Liabilities	287.58	291.52
Total	<u>795.17</u>	<u>945.47</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

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, 2020, and 31st March, 2019 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 39 — 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 has recognised short term investment in mutual funds under this category amounting to Rs. 197.58 lakhs.

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 40 — 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.

(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.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
(a) Fixed Rate		
Non Current Borrowings	757.50	851.75
Fixed Deposits	—	—
(b) Fluctuating Rate		
Non Current Borrowings	—	8.68
Current Borrowings	9.92	119.60

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

Particulars	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
Non Current Borrowings	—	0.09
Current Borrowings	0.10	1.20

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 30 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 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 & Investment in Short Term liquid Mutual Funds.

(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.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

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 2020	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade Payables	80.59	—	—	80.59
Borrowings (including current maturities of long term debt)	9.92	—	757.50	767.42
Other Financial Liabilities	280.68	35.10	—	315.78

	(Rs. in Lacs)			
As at 31st March 2019	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade Payables	15.31	—	—	15.31
Borrowings (including current maturities of long term debt)	119.60	8.68	851.75	980.03
Other Financial Liabilities	291.52	27.84	—	319.36

NOTE 41 — 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 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.

Particulars	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
A) Total Debt	398.80	610.80
B) Cash and Marketable securities	211.25	184.16
C) Net Debt (A-B)	187.55	426.64
D) Total Equity as per Balance Sheet	3,307.64	3,184.19
Debt to Equity (Net) (C/D)	0.06	0.13

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 42 — RECENT STANDARDS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new and amendments to Ind ASs which the Company has applied as they are effective for annual periods beginning on or after 1 April 2019:

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Ind AS - 116 Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. Since Cravatex Limited has not taken any of its assets on lease, it does not have any significant impact of the amendment on its financial statements.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Company's financial statements:

Amendments to Ind AS 103, Business Combinations, and Ind AS 111, Joint Arrangements: This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.

Amendments to Ind AS 109, Financial Instruments: amendments relating to the classification of particular pre payable financial assets.

Amendments to Ind AS 12, Income Taxes, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

Amendment to Ind AS 19, Employee Benefits - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).

Amendments to Ind AS 23, Borrowing Costs, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

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) Trading – Trading in Sports Goods and Textiles
B) Unallocable – Others

(Rs. in Lacs)

Particulars	For the year Ended 31st March 2020			For the year Ended 31st March 2019		
	Trading	Unallocable	Total	Trading	Unallocable	Total
Segment Revenue (Revenue from Sales, Services & Other Operating Revenue)						
Revenue from Sale of products	242.07	—	242.07	103.95	—	103.95
Revenue from Services	—	—	—	—	—	—
Other Operating Revenue	—	—	—	—	—	—
Total Revenue (A)	242.07	—	242.07	103.95	—	103.95
Less: Inter Segment Revenue if any (B)	—	—	—	—	—	—
Total Segment Revenue (C=A-B)	242.07	—	242.07	103.95	—	103.95
Segment Results (Profit/(Loss) Before Interest, Depreciation Tax & Exceptional Items)	10.95	(302.17)	(291.21)	(0.01)	(227.96)	(227.97)
Less: Exceptional Items	—	—	—	—	—	—
Segment Results (Profit/(Loss) Before Interest, Depreciation & Tax)	10.95	(302.17)	(291.21)	(0.01)	(227.96)	(227.97)
Less: Depreciation & Amortization	—	(84.87)	(84.87)	—	(82.92)	(82.92)
Total Segment Result (D)	10.95	(387.04)	(376.08)	(0.01)	(310.89)	(310.90)
Less: Finance Costs	—	(80.07)	(80.07)	—	(101.59)	(101.59)
Add: Other Income	—	711.44	711.44	—	707.70	707.70
Profit/(Loss) Before Tax	10.95	244.33	255.29	(0.01)	295.22	295.21
Tax Expenses						
— Current Tax	—	(44.53)	(44.53)	—	(69.50)	(69.50)
— Deferred Tax Charge/(Credit)	—	21.39	21.39	—	11.31	11.31
— Excess Tax Provision for Earlier years	—	—	—	—	(10.58)	(10.58)
Profit for the year	10.95	221.18	232.15	(0.01)	226.45	226.44

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Segment Reporting Format for Business Segment as per IND AS 108

Particulars	As on 31st March 2020 Rs. in Lacs	As on 31st March 2019 Rs. in Lacs
Segment Assets		
— Trading	62.85	27.14
Add: Unallocable Segment Assets	4,477.13	4,577.40
Total Assets	4,539.98	4,604.54
Segment Liabilities		
— Trading	80.59	15.31
Add: Unallocable Segment Liabilities	1,151.75	1,405.04
Total Liabilities	1,232.34	1,420.35

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 2020 Rs. in Lacs	As on 31st March 2019 Rs. in Lacs
A. Revenue from operations		
— Domestic	242.07	103.95
— International	—	—
B. Non-current assets		
— Domestic	4,166.09	4,266.48
— International	—	—

NOTE 44 — SUBSEQUENT EVENT

Dividends paid during the year ended March 31, 2020 includes an amount of Rs. 2 per equity share towards final dividend for the year ended March 31, 2019 & an amount of Rs. 2 per equity share towards Interim Dividend for the year ended March 31, 2020.

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to applicable dividend distribution tax. On 29.06.2020, the Board of Directors of the Company have proposed a final dividend of Rs.1/- per share in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately Rs.25.84 Lacs.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 45 — 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 46 — PREVIOUS YEAR'S COMPARABLES

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

SIGNATURES TO NOTES FORMING PART OF THE FINANCIAL STATEMENTS FROM "1" TO "46"

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 : June 29, 2020

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

Executive Director & CFO

DIN: 08730430

N. Santhanam

Independent Director

DIN: 00027724

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

CONSOLIDATED AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of Cravatex Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Cravatex Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income/Expense), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accuracy of writing-off of Fixed asset</p> <p>As at March 31, 2020, some of the fixed assets were written off.</p>	<p>Principal Audit Procedures</p> <p>We have evaluated the written off fixed assets on the basis of Managements evaluation of its usefulness & formed an opinion on accuracy of entries passed in the books of accounts.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

CONSOLIDATED AUDITORS' REPORT

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

CONSOLIDATED AUDITORS' REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India 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 March 31, 2020 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h. 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) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.
 - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

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

H. Y. Gurjar
Partner

Membership No. 032485
 UDIN: 20032485AAAAAH7064

Place : Mumbai
 Dated : June 29, 2020

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 2020, 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, 2020, 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
UDIN: 20032485AAAAAH7064

Place : Mumbai
Dated : June 29, 2020

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

Particulars	Note No.	As at March 31, 2020 Rupees in Lacs	As at March 31, 2019 Rupees in Lacs
(A) ASSETS			
(1) Non-Current assets			
(a) Property, Plant and Equipment	3(a)	1,138.45	810.97
(b) Investment Property	3(b)	640.73	672.70
(c) Right to lease asset	44	3,232.77	—
(d) Other Intangible Assets	3(c)	2,892.46	3,287.59
(e) Financial Assets			
(i) Loans	4	330.20	286.76
(ii) Others	5	30.02	31.02
(f) Other Non-Current Assets	6	247.59	109.41
Total Non - Current Assets		8,512.22	5,198.45
(2) Current Assets			
(a) Inventories	7	7,135.97	8,371.59
(b) Financial Assets			
(i) Investments	8	2,455.87	100.77
(ii) Trade receivables	9	11,771.47	15,003.10
(iii) Cash and cash equivalents	10	3,608.22	400.38
(iv) Bank Balances other than Cash and Cash Equivalents	11	1,008.77	127.42
(v) Other Financial Assets	12	454.57	241.64
(c) Loans and advances	13	302.84	148.73
(d) Current Tax Assets (Net)	14	74.91	67.40
(e) Other current assets	15	588.26	260.44
Total Current Assets		27,400.88	24,721.47
Total Assets		35,913.10	29,919.92
(B) EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share capital	16	258.42	258.42
(b) Other Equity	17	2,207.80	1,719.32
Equity attributable to shareholders of the Company		2,466.22	1,977.74
Non-controlling interests		1,604.92	(0.01)
Total Equity		4,071.14	1,977.73
(2) LIABILITIES			
(I) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	8,328.88	8,402.20
(ii) Others	19	2,840.73	27.85
(b) Provisions	20	189.90	154.46
(c) Deferred tax liabilities (Net)	21	119.55	139.97
(d) Other Non-Current Liabilities	22	647.02	449.05
Total Non Current Liabilities		12,126.09	9,173.53
(II) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	5,863.18	3,266.12
(ii) Trade payables	24	2,737.45	2,255.11
(iii) Others	25	2,044.97	1,292.13
(b) Other Current Liabilities	26	8,798.72	11,161.25
(c) Provisions	27	271.54	794.05
Total Current Liabilities		19,715.87	18,768.66
Total Equity and Liabilities		35,913.10	29,919.92
Corporate Information	1		
Significant accounting policies	2		
Notes forming part of the Financial Statement	34-52		

As per our report of even date

For and on behalf of the Board of CRAVATEX LTD.

For **GPS & ASSOCIATES**

Chartered Accountants

Firm Registration No. 121344W

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

N. Santhanam

Independent Director

DIN: 00027724

H.Y. Gurjar

Partner

Membership No. 032485

Divakar Kamath

Executive Director & CFO

DIN: 08730430

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

Place : Mumbai

Dated : June 29, 2020

CONSOLIDATED PROFIT AND LOSS STATEMENT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	Note No.	For the Year 2019-2020 Rupees in Lacs	For the Year 2018-2019 Rupees in Lacs
INCOME			
Revenue from operations	28	77,867.25	71,765.98
Other Income	29	523.20	415.76
TOTAL INCOME		78,390.45	72,181.74
EXPENSES			
Purchase of Stock-in-Trade		54,275.26	55,823.70
Change in Inventories of Stock in Trade	30	1,235.62	(4,743.79)
Employee benefits expense	31	6,135.59	5,212.98
Finance costs	32	1,088.55	509.39
Depreciation and amortisation expense	3	1,340.94	573.28
Other expenses	33	15,108.64	13,117.79
TOTAL EXPENSES		79,184.59	70,493.35
Profit / (Loss) before tax		(794.14)	1,688.39
Tax expense :			
Current Tax		(418.93)	(593.79)
Deferred tax Asset/(Liability)		21.39	(16.53)
Excess Tax Provision for Earlier years		336.68	(11.90)
Profit /(Loss) for the period		(855.01)	1,066.17
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		(22.59)	(9.50)
Total Other Comprehensive Income/(loss) for the period		(22.59)	(9.50)
Total Comprehensive Income/(loss) for the period		(877.60)	1,056.67
Net profit attributable to:			
Owners of the Holding Company		(854.93)	1,066.20
Non-controlling Interest		(0.08)	(0.03)
		(855.01)	1,066.17
Other Comprehensive Income/(loss) attributable to:			
Owners of the Holding Company		(22.59)	(9.50)
Non-controlling Interest		(0.00)	(0.00)
		(22.59)	(9.50)
Total Comprehensive Income/(loss) attributable to:			
Owners of the Holding Company		(877.52)	1,056.70
Non-controlling Interest		(0.08)	(0.03)
		(877.60)	1,056.67
Basic and Diluted Earnings per Equity share (In Rs)	49	(33.09)	41.26

As per our report of even date

For and on behalf of the Board of CRAVATEX LTD.

For **GPS & ASSOCIATES**

Chartered Accountants

Firm Registration No. 121344W

H.Y. Gurjar

Partner

Membership No. 032485

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

N. Santhanam

Independent Director

DIN: 00027724

Divakar Kamath

Executive Director & CFO

DIN: 08730430

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

Place : Mumbai

Dated : June 29, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2020

(A) EQUITY SHARE CAPITAL

Particulars	31 March 2020		31 March 2019	
	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	Security Premium	Capital Redemption Reserve	Export Profit Reserve	
(a) Balance at 31 March 2018	32.33	(0.00)	621.64	18.92	—	—	1.68	674.57
Profit for the year	—	1,066.20	—	—	—	—	—	1,066.20
Other comprehensive income for the year	—	(9.50)	—	—	—	—	—	(9.50)
(b) Total comprehensive income for the year	—	1,056.70	—	—	—	—	—	1,056.70
(c) Effect during the year	14.15	—	(74.35)	—	—	48.25	—	(11.95)
(d) Balance at 31 March 2019 (a+b+c)	46.48	1,056.70	547.29	18.92	—	48.25	1.68	1,719.32
Profit for the year	—	(877.52)	—	—	—	—	—	(877.52)
Other comprehensive income for the year	—	(0.08)	—	—	—	—	—	(0.08)
(e) Total comprehensive income for the year	—	(877.60)	—	—	—	—	—	(877.60)
(f) Effect during the year	74.44	—	(197.61)	—	1,395.00	94.25	—	1,366.08
(g) Balance at 31 March 2020 (d+e+f)	120.92	179.10	349.68	18.92	1,395.00	142.50	1.68	2,207.80

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 : June 29, 2020

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

Divakar Kamath
Executive Director & CFO
DIN: 08730430

N. Santhanam
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, 2020

PARTICULARS	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
A Cash flow from operating activities		
Net profit before tax	(794.14)	1,688.39
Adjustments for:		
Depreciation	1,340.94	573.28
Interest income	(98.09)	(93.03)
Rent Income	(314.74)	(277.80)
Gain on Investments	(8.83)	(16.01)
Dividend Income	(7.77)	(1.08)
Finance Cost	1,088.55	509.39
Unrealised exchange gain (net)	80.00	—
Profit / (Loss) on sale of Fixed Assets	—	(0.39)
Fixed Assets Written off	16.54	11.08
Loss on debt instruments measured at FVTPL	29.00	241.00
Bad Debts & Provision for bad debts	218.17	247.01
MTM loss on derivative contracts	(31.59)	20.19
Current Year gain/loss on translation of currencies	74.44	17.61
Operating profit before working capital changes	1,592.48	2,919.64
Adjustments for:		
(Increase)/Decrease in Trade Receivables	3,013.46	(4,923.45)
(Increase)/Decrease in Inventories	1,235.62	(4,743.79)
(Increase)/Decrease in Loans & Advances	(164.26)	(176.54)
(Increase)/Decrease in Other Assets	(678.92)	(209.48)
Increase/(Decrease) in Trade Payable	402.34	(3,832.74)
Increase/(Decrease) in Other Liabilities	1,401.17	10,597.90
Increase/(Decrease) in provisions	(29.59)	121.17
Cash generated from operations	6,772.29	(247.30)
Direct taxes Refund/(paid)	(568.85)	(221.89)
Net cash from operating activities	6,203.43	(469.19)
B Cash flow from investing activities		
Purchase of Fixed assets	(4,490.64)	(577.86)
Sale of Fixed assets	—	1.43
Sale/(Purchase) of investments	(2,323.52)	507.07
Deposits relating to investment property	27.49	98.48
Gain on sale of Investments	8.83	15.83
Other Bank Balances	(880.35)	(12.66)
Dividend Income	7.77	1.08
Rent Income	314.74	277.80
Interest received	16.76	19.06
Net cash from / (used in) investing activities	(7,318.91)	330.24
C Cash flow from financing activities		
Proceeds of Issue of preference shares by subsidiary Company	2,999.93	—
Dividend Paid	(103.37)	(25.84)
Proceeds from Long-term Borrowings	(52.75)	66.82
Proceeds from/ (Repayment) of Short-term Borrowings	2,568.06	443.43
Interest Paid	(1,088.55)	(509.39)
Net cash from / (used in) financing activities	4,323.34	(24.97)
D Net cash flows during the year (A+B+C)	3,207.86	(163.93)
Cash and cash equivalents (opening balance)	400.38	564.30
Cash and cash equivalents (closing balance)	3,608.22	400.38

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 and on behalf of the Board of CRAVATEX LTD.

For **GPS & ASSOCIATES**

Chartered Accountants

Firm Registration No. 121344W

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

N. Santhanam

Independent Director

DIN: 00027724

H.Y. Gurjar

Partner

Membership No. 032485

Divakar Kamath

Executive Director & CFO

DIN: 08730430

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

Place : Mumbai

Dated : June 29, 2020

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020

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. Details of the shareholding in subsidiaries are as under:

Name of the Subsidiary	Country	Proportion of Ownership	
		As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
Cravatex Brands Limited	India	99.997%	99.997%
BB (UK) Limited	United Kingdom	100%	100%

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.

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 in lakhs up to two decimals.

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 2020

(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 cost)										
Balance as at 31 March 2018	12.96	175.82	106.75	669.48	21.32	115.54	236.05	72.92	26.21	1,437.04
Additions	55.17	—	1.27	472.26	—	—	29.15	—	12.49	570.33
Deletions/discarded/adjustments	—	139.08	14.60	204.18	2.77	29.62	202.67	24.30	0.02	617.24
Balance as at 31 March 2019	68.13	36.74	93.42	937.56	18.55	85.92	62.53	48.62	38.68	1,390.14
Additions	41.81	—	0.35	527.42	—	—	34.50	—	13.64	617.72
Deletions/discarded/adjustments	—	—	—	—	—	—	0.07	8.48	—	8.55
Balance as at 31 March 2020	109.94	36.74	93.77	1,464.98	18.55	85.92	96.96	40.14	52.32	1,999.31
Accumulated depreciation										
Balance as at 31 March 2018	5.20	162.02	54.00	435.69	11.25	68.08	215.18	59.15	7.83	1,018.37
Charge for the year	13.65	6.98	7.38	94.83	3.35	8.54	10.73	7.51	9.49	162.46
Deletions/Adjustments	(0.98)	139.08	14.50	194.85	1.91	28.30	199.71	24.30	—	601.66
Balance as at 31 March 2019	19.82	29.92	46.89	335.66	12.69	48.32	26.19	42.37	17.32	579.17
Charge for the year	17.52	4.98	18.51	215.33	4.40	8.13	14.55	4.49	11.98	299.90
Deletions/Adjustments	2.25	—	—	8.65	0.01	—	—	7.30	—	18.21
Balance as at 31 March 2020	35.09	34.90	65.39	542.34	17.08	56.45	40.75	39.56	29.30	860.86
Net carrying amount										
As at 31 March 2019	48.30	6.82	46.53	601.89	5.86	37.60	36.34	6.25	21.36	810.97
As at 31 March 2020	74.84	1.84	28.37	922.64	1.47	29.47	56.21	0.59	23.02	1,138.45

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 2020

(Rs. in Lacs)

Description	Building	Total
Gross carrying value (at deemed cost)		
Balance as at 31 March 2018	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	—	—
Balance as at 31 March 2019	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	17.52	17.52
Balance as at 31 March 2020	1,019.19	1,019.19
Accumulated depreciation		
Balance as at 31 March 2018	347.71	347.71
Charge for the year	16.30	16.30
Deletions/Adjustments	—	—
Balance as at 31 March 2019	364.01	364.01
Charge for the year	16.60	16.60
Deletions/Adjustments	2.15	2.15
Balance as at 31 March 2020	378.46	378.46
Net carrying amount		
As at 31 March 2019 (Fair Market Value Rs.6,159.59 Lacs)	672.70	672.70
As at 31 March 2020 (Fair Market Value Rs.6,159.59 Lacs)	640.73	640.73

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.

Note: Amounts recognized in profit and loss in respect of investment property

Rupees in Lacs

Particulars	As at March 31, 2020	As at March 31, 2019
Rent Income	331.94	312.85
Less: Depreciation	(16.60)	(16.30)
Less: Society charges & others	(41.54)	(37.65)
Profit	273.80	258.90

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 3(c) Other Intangible assets

Following are the changes in the carrying value of Intangible Assets for the year ended on March,31 2020

(Rs. in Lacs)

Description	Licenses, Sublicenses & Franchise	Software	Web site	Total
Gross carrying value (at cost)				
Balance as at 31 March 2018	3,930.00	198.91	22.80	4,151.71
Additions	—	7.53	—	7.53
Deletions / discarded / adjustments	—	—	—	—
Balance as at 31 March 2019	3,930.00	206.44	22.80	4,159.24
Additions	—	—	—	—
Deletions / discarded / adjustments	—	0.43	—	0.43
Balance as at 31 March 2020	3,930.00	206.01	22.80	4,158.81
Accumulated depreciation				
Balance as at 31 March 2018	381.53	72.80	22.80	477.13
Charge for the year	373.57	20.95	—	394.52
Deletions/Adjustments	—	—	—	—
Balance as at 31 March 2019	755.10	93.75	22.80	871.65
Charge for the year	372.50	22.20	—	394.70
Deletions/Adjustments	—	—	—	—
Balance as at 31 March 2020	1,127.60	115.95	22.80	1,266.35
Net carrying amount				
As at 31 March 2019	3,174.90	112.69	—	3,287.59
As at 31 March 2020	2,802.40	90.06	—	2,892.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 4 — NON CURRENT LOANS		
(Unsecured, Considered Good)		
Security & Other Deposits	330.20	286.76
Total	330.20	286.76
NOTE 5 — OTHER NON-CURRENT FINANCIAL ASSETS		
Bank deposits with original maturity beyond 12 months		
	30.02	31.02
Total	30.02	31.02
NOTE 6 — OTHER NON-CURRENT ASSETS		
(Unsecured, Considered Good)		
Other Loans and Advances	37.15	36.58
Prepaid Expenses	210.44	72.83
Total	247.59	109.41
NOTE 7 — INVENTORIES		
Stock-in-Trade*	6,994.81	8,207.13
Stores and Spares	141.16	164.45
(valued at lower of cost and net realisable value)		
Total	7,135.97	8,371.59
*Includes stock in transit of Rs NIL (31 March 2019 – Rs. 38.47 lakhs)		
NOTE 8 — CURRENT INVESTMENTS		
Investment measured at fair value through profit and loss		
Investment in Mutual Funds (quoted)	2,455.87	100.77
Total	2,455.87	100.77
<i>Aggregate book value of unquoted investments</i>	<i>2,447.03</i>	<i>100.59</i>
NOTE 9 — TRADE RECEIVABLES		
Unsecured, considered good	11,771.47	15,003.10
Credit impaired	152.60	11.81
Less: Loss Allowance	(152.60)	(11.81)
Total	11,771.47	15,003.10

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 10 — CASH AND BANK BALANCES		
(A) Cash & Cash Equivalents		
(a) Balances with banks:		
Current accounts	3,597.09	392.94
(b) Cash in hand	11.13	7.44
Total	3,608.22	400.38
NOTE 11 — BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Fixed Deposit of original maturity of more than 3 Months but within 12 months	1,001.87	119.85
Unpaid Dividend	6.90	7.56
Total	1,008.77	127.42
NOTE 12 — OTHER CURRENT FINANCIAL ASSETS		
Advance with Government Authorities	454.57	206.64
Other Loans and Advances	—	35.00
Total	454.57	241.64
NOTE 13 — CURRENT LOANS & ADVANCES		
(Unsecured, considered good)		
Deposits	275.44	125.82
Advance to Related Party	8.65	9.49
Employee advances	18.74	13.42
Total	302.84	148.73
NOTE 14 — CURRENT TAX ASSETS		
(Unsecured, considered good)		
Current Tax Assets (Net)	74.91	67.40
Total	74.91	67.40
NOTE 15 — OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Advance to vendors	114.91	49.28
Prepaid expenses	134.07	211.16
Advance to others	9.86	—
Balance with Government Authorities	329.41	—
Total	588.26	260.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number of Shares	Amount	Number of Shares	Amount
NOTE 16 — EQUITY SHARE CAPITAL				
Authorised				
Equity Share of Rs. 10/- each	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	—	—	—	—
Total	15,000,000	1,500.00	15,000,000	1,500.00
Issued, Subscribed and fully paid up:				
Equity Share of Rs. 10/- each	2,584,160	258.42	2,584,160	258.42
Total	2,584,160	258.42	2,584,160	258.42

Notes:

1) Reconciliation of Number of Shares:

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number of Shares	Amount	Number of Shares	Amount
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 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
1) R. B. Fitness & Trading Pvt. Ltd.		
No. of shares	1,921,570	1,921,570
% held	74.36%	74.36%

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 17 — OTHER EQUITY		
Capital Reserve	18.92	18.92
Securities Premium	1,395.00	—
Capital Redemption Reserve	142.50	48.25
Foreign Currency Translation Reserve	120.92	46.48
General reserve	349.68	547.29
Export Profit Reserve	1.68	1.68
Retained Earnings	179.10	1,056.70
Total	2,207.80	1,719.32

Description of nature and purpose of each reserve**Capital Reserve**

Capital reserve represents amount received from Government of Karnataka.

Securities Premium

The amount received in excess of face value of compulsory convertible preference shares issued by the subsidiary company is recognised in Securities Premium.

Capital Redemption Reserve

Capital Redemption Reserve has been created out of free reserves of the Company on account of redemption of preference shares.

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 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 18 — NON CURRENT FINANCIAL BORROWINGS		
(a) Secured		
Term Loans from Bank	—	9.61
(b) Unsecured		
75,75,000 (2019 — 85,17,500), 4 % Non-convertible Cumulative Redeemable Preference shares of Rs.10 each	388.88	481.59
18,00,000 (2019 — 18,00,000) Optionally Convertible Debentures (OCD)	1,910.00	1,899.00
57,00,000 (2019 — 57,00,000) 0.01% Compulsory Convertible Preference Shares (CCPS)	6,030.00	6,012.00
Total	8,328.88	8,402.20

Notes:**Term Loan from Bank:**

(1) HDFC Bank Ltd

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

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. 1,910 lacs (31 March 2019 - Rs. 1,899 lacs) (refer note 42)

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. 6,030 lacs (31 March 2019 - Rs. 6,012 lacs) (refer note 42)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 19 — OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security deposits Received	28.20	27.85
Lease Liability	2,812.54	—
Total	2,840.73	27.85
NOTE 20 — NON-CURRENT PROVISIONS		
Provision for employee benefits:		
Gratuity	105.55	82.91
Compensated absences	84.36	71.55
Total	189.90	154.46
NOTE 21 — DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Others	119.55	222.67
Deferred tax assets:		
MAT Credit	—	(82.70)
Total	119.55	139.97
NOTE 22 — OTHER NON-CURRENT LIABILITIES		
Security Deposits from Dealers & Distributors	318.08	110.77
Deferred Income	328.94	338.28
Total	647.02	449.05
NOTE 23 — CURRENT FINANCIAL BORROWINGS		
From Banks	5,853.26	3,146.52
Current maturities of long-term borrowing	9.92	119.60
Total	5,863.18	3,266.12

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%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 24 — TRADE PAYABLE		
Due to Micro and small enterprises	—	—
Due to creditors other than micro and small enterprises	2,737.45	2,255.11
Total	2,737.45	2,255.11
NOTE 25 — OTHER CURRENT FINANCIAL LIABILITIES		
Security deposits Received		
For rental of property	223.77	218.29
Employee benefits payable	119.42	312.79
Lease Liability	632.89	—
Forward contract payable	—	31.59
Other liabilities	1,020.99	678.57
Due to Holding Company	—	—
Unpaid Dividend	6.90	7.56
Interest accrued but not due	41.01	43.33
Total	2,044.97	1,292.13
NOTE 26 — OTHER CURRENT LIABILITIES		
Advances received against supplies and services	403.98	439.18
Unearned revenue	166.08	223.40
Deferred Income	7.54	19.70
Others (includes statutory dues)	8,221.13	10,478.97
Total	8,798.72	11,161.25
NOTE 27 — CURRENT PROVISIONS		
Gratuity	89.85	66.40
Compensated absences	29.67	21.00
Provision for Sales Return	91.12	166.00
Provision for warranty	23.10	22.78
Provision for tax	37.81	517.88
Total	271.54	794.05
NOTE 28 — REVENUE FROM OPERATIONS		
Sale of products	77,365.35	71,211.85
Sale of services	497.13	518.93
Other operating income	4.77	35.20
Total	77,867.25	71,765.98

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 29 — OTHER INCOME		
Interest Income	16.76	19.06
Interest income on fair valuation	81.33	73.97
Dividend Income	7.77	1.08
License fees (Rental income)	314.74	277.80
Service Fees	16.32	17.70
Profit on sale of investments	8.83	15.83
Profit on sale of Fixed Assets	—	0.43
Mark to Market loss on outstanding derivative contracts	31.59	0.17
Miscellaneous Income	45.86	9.71
Total	523.20	415.76
NOTE 30 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE		
Opening stock		
Stock-in-trade (including goods in transit)	8,207.13	3,445.86
Stores and spares	164.45	181.93
Closing stock		
Stock-in-trade (including goods in transit)	(6,994.81)	(8,207.13)
Stores and spares	(141.16)	(164.45)
Increase/(decrease) in stock	1,235.62	(4,743.79)
NOTE 31 — EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	5,955.15	5,050.73
Contributions to:		
Provident, Family Pension and other Funds	130.22	107.91
Employees State Insurance Scheme	—	0.07
Superannuation Scheme	—	53.15
Staff welfare expenses	50.22	1.12
Total	6,135.59	5,212.98
NOTE 32 — FINANCE COST		
Interest expense on borrowings & Others	983.66	337.07
Other Interest Expenses	104.88	172.32
Total	1,088.55	509.39

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 33 — OTHER EXPENSES		
Stores, spares and packing materials consumed	41.91	37.09
Electricity charges	79.98	47.85
Warehouse expenses	979.67	875.84
Rent	746.38	894.31
Insurance	108.23	53.73
Rates and taxes	57.85	48.13
Printing and stationery	52.39	42.05
Communication expenses	78.12	80.53
Repairs and maintenance	130.26	322.49
Advertisement and publicity	3,988.58	3,288.21
Sublicence fees	2,502.54	2,036.32
Travelling and conveyance	684.02	669.92
Commission and brokerage	1,889.68	1,433.56
Transportation and octroi charges	354.41	348.99
Legal and Professional Charges	1,746.19	1,158.73
Bank Charges not related to borrowings	66.21	55.29
MTM loss on forward contracts & Investments	—	20.19
Warranty expenses	—	(5.01)
Directors fees	13.60	9.50
Fair Valuation of Debt Instruments	29.00	241.00
Payment to auditors	49.25	41.05
Bad Debts	77.38	235.21
Provision for Bad & Doubtful Debts	140.79	11.81
Loss on Sale of Assets	—	0.04
Foreign exchange fluctuation (Net)	146.96	119.78
Other expenses	1,145.26	1,051.20
Total	15,108.64	13,117.79
PAYMENT TO AUDITORS		
Statutory Audit fees	46.50	39.05
Tax Audit Fees	0.75	1.30
Others	2.00	0.70
Total	49.25	39.05

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Sr. No. Particulars	Reference No	As at 31st March 2020 Rupees in Lacs	As at 31st March 2019 Rupees in Lacs
NOTE 34 — CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)			
A. Other money for which the Company is contingently liable			
1) Demands under Wealth Tax Act	1	51.25	51.25
2) Demands under Income Tax Act	2, 3 & 4	25.43	25.43
3) Demands under Customs Act	5 & 6	133.50	133.50
Total		210.18	210.18

Notes:

1. 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.
2. For the assessment years 2000-2001, 2002-2003 and 2003-2004 the Income-tax Appellate Tribunal had given relief of Rs.8,74,254 (2019-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.
3. The tax authorities had raised a demand for the assessment year 2013-14 u/s 143 (3) for Rs.16,43,120 (2019-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.
4. 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.
5. 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.
6. 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.
7. The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v/sEPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

NOTE 35 — OTHER COMMITMENTS

- a. The company has issued corporate guarantees to the extent of Rs.25 lakhs (31 March 2019 – Rs.40 lakhs)
- b. Letter of credit outstanding to the extent of Rs.1,748 lakhs (31 March 2019 – Rs.1,747 lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	For the year 31st March 2020 Rs. in lacs	Year ended 31st March 2019 Rs. in lacs
NOTE 36 — INCOME TAXES		
A. Tax expense recognised in profit and loss		
Current tax		
Current tax	418.93	593.79
Excess Tax Provision for Earlier years	(336.68)	11.90
Deferred Tax (net)		
Deferred tax (credit) / charge	(21.39)	16.53
Tax expense for the year	60.86	622.22
Particulars		
B. Reconciliation of Effective Tax Rate:		
Profit before tax	(794.14)	1,688.39
Applicable Tax Rate	25.71%	26.00%
Income tax expense calculated at above rate	—	438.98
Tax effect of profit arising to subsidiary company	329.86	(12.95)
Effect of deductible / non-deductible expense	67.68	184.29
Adjustments for current tax of prior period	(336.68)	11.90
Income tax expense recognised in profit and loss	60.86	622.22

NOTE 37 — 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 2020 Rs. in lacs	31 March 2019 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 38 — 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 2020 Gratuity Rs. in lacs	For the year 31st March 2019 Gratuity Rs. in lacs
(i) Change in Defined Benefit Obligation		
Balance at the beginning of the year	280.88	260.21
Adjustment of:		
Current Service Cost	24.03	19.97
Benefit paid directly by the employer	(1.94)	—
Liability transferred in/(out)	—	—
Past Service cost	—	0.79
Interest Cost	21.28	19.97
Actuarial (gains)/losses recognised in Other Comprehensive Income:		
— Change in Financial Assumptions	19.98	1.69
— Change in Demographic Assumptions	—	—
— Experience Changes	0.08	4.70
Benefits Paid	(11.00)	(26.45)
Balance at the end of the year	333.30	280.88
(ii) Change in Fair value of assets		
Balance at the beginning of the year	131.57	149.61
Assets transferred in/(out)	—	—
Expected Return on Plan Assets excluding interest income	(2.53)	(3.06)
Interest Income	9.86	11.47
Re-measurements due to:		
Actual Return on Plan Assets less interest on Plan Assets	—	—
Employer contributions	10.00	—
Benefits payments from plan assets	(11.00)	(26.45)
Balance at the end of the year	137.90	131.57
(iii) Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(333.30)	(280.88)
Fair Value of Plan Assets	137.90	131.57
Net Asset / (Liability) in the Balance Sheet	(195.40)	(149.31)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	For the year 31st March 2020 Gratuity Rs. in lacs	For the year 31st March 2019 Gratuity Rs. in lacs
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	24.03	19.97
Net Interest Cost	11.42	8.50
Past Service Cost	—	0.79
Amount charged to the Statement of Profit and Loss	35.45	29.26
(v) Re-measurements recognized in Other Comprehensive Income (OCI):		
Changes in Financial Assumptions	19.98	1.69
Changes in Demographic Assumptions	—	—
Experience Adjustments	0.08	4.75
Actual return on Plan assets less interest on plan assets	2.53	3.06
Amount recognized in Other Comprehensive Income (OCI)	2.53	3.06
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	44.09	29.79
Between 1 and 5 years	97.50	109.99
Between 6 and 10 years	169.45	128.30
11 Years and above	285.19	279.27
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	333.30	280.88
1% increase in discount rate	(21.74)	(17.54)
1% decrease in discount rate	24.81	20.02
1% increase in salary escalation rate	24.23	19.76
1% decrease in salary escalation rate	(21.69)	(17.68)
1% increase in employee turnover rate	0.65	2.08
1% decrease in employee turnover rate	(0.80)	(2.38)
The major categories of plan assets as a percentage of total plan:		
Insurer Managed Funds	137.90	131.57
Actuarial Assumptions:		
Discount Rate (p.a.)	6.57%	7.36%
Expected Return on Plan Assets (p.a.)	6.57%	7.36%
Turnover Rate	20% and 7%	20% and 7%
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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

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.

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.

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 2020 Rs. in lacs	31st March 2019 Rs. in lacs
Provident, Family Pension and other Funds	124.22	104.00
Employees State Insurance Scheme	5.99	3.97
Total	130.21	107.97

Compensated Absences:

The liability towards compensated absences for the year ended 31 March 2019 is based on actuarial valuation carried out by using Projected Accrued Benefit Method amounting to Rs. 92.55 lacs (31 March 2018 – Rs.68.61 lacs).

a. Financial assumptions:

Particulars	31st March 2020 Rs. in lacs	31st March 2019 Rs. in lacs
Discount Rate (p.a.)	6.57%	7.36%
Salary Escalation Rate (p.a.)	6.00%	6.00%

b. Demographic assumptions:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 39 — RELATED PARTY DISCLOSURES

(A) List of Related Parties

Name of Related Parties	Nature of Relationship
R.B Fitness & Trading Private Limited	Holding Company

(B) List of Related Parties where control exists:

Name of Related Parties	Nature of Relationship
SD Enterprises	Director's relative interest
Proline India Limited	
Proline Exports Private Limited	Enterprises over which Directors are able to exercise significant influence
Crav Apparels Private Limited	
Tecfin Consultancy Services LLP	
Rudy and Sons	

(C) Key Management Personnel:

Name of Related Parties	Nature of Relationship
Mr. Rajesh Batra	Chairman & Managing Director
Mr. Rohan Batra	Managing Director of Subsidiary Company
Mr. Rajiv Batra	Non Executive Director (Ceased to be Director on expiry of term on 30.03.2020)
Mr. N.R. Mahalingam	Independent Director (Ceased to be Director on expiry of term on 31.03.2019)
Mr. H.K. Vakharia	Independent Director (Ceased to be Director on expiry of term on 31.03.2019)
Mr. S.D. Israni	Independent 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 Rakhiyan	Director of Subsidiary Company
Mr. Sanjay Mariwala	Director of Subsidiary Company (w.e.f. Nov. 01 ,2018)
Mr. P. Rudran	Director of Subsidiary Company
Mr. Divakar Kamath	President Corporate Affairs & Chief Financial Officer
Mr. Ankur Sharma	Chief Financial Officer of Subsidiary Company
Mr. Sudhanshu Namdeo	Company Secretary
Ms. Apurva Parulekar	Company Secretary of Subsidiary Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

(D) The following transactions were carried out with the related parties in the ordinary course of business:

Name of Related Parties	31 March 2020 Rs. in lacs	31 March 2019 Rs. in lacs
Interest Expenses		
Proline Exports Private Limited	—	5.55
Commission Income		
Proline India Limited	—	3.03
Commission Expenses		
Proline India Limited	4.68	6.85
Service Charges Received on SAP		
Proline India Ltd	16.32	17.34
Purchase of stock in trade		
Crav Apparels Private Limited	156.14	103.50
Purchase of DEPB licence		
Crav Apparels Private Limited	—	16.70
Inter-Corporate Deposit repaid		
Crav Apparels Private Limited	—	150.00
Fees, expenses and subsistence		
Rudy & Company	134.87	83.26
Director Sitting Fee	16.90	9.50
(E) Outstanding balances:		
Name of Related Parties	31 March 2020 Rs. in lacs	31 March 2019 Rs. in lacs
Trade Payables		
— Proline India Limited	0.19	0.33
— Crav Apparels Private Limited	158.12	24.55
(F) Compensation of Key Management Personnel of the Company:		
Short Term Employee Benefits	1,119.01	1,086.99
Other Long Terms Benefits	36.42	11.77
Total Compensation	1,155.43	1,098.76

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 40 — FINANCIAL INSTRUMENTS

a. Classification of Financial Assets and Liabilities:

Particulars	As at 31 March 2020 Rs. in lacs	As at 31 March 2019 Rs. in lacs
Financial assets at Amortized cost:		
Loans (Non Current)	330.20	286.76
Trade Receivables	11,771.47	15,003.10
Cash and Cash Equivalents	3,608.22	400.38
Other Bank Balances	1,008.77	127.42
Other Non Current Financial Assets	30.02	31.02
Other Current Financial Assets	454.57	241.64
Financial assets at Fair Value through P&L:		
Investment (Current)	2,455.87	100.77
Total	19,659.12	16,191.09
Financial liabilities at Amortized cost:		
Trade Payables	2,737.45	2,255.11
Cash Credits/Working Capital Borrowings	5,863.18	3,266.12
Other Current Financial Liabilities	2,044.97	1,260.54
Non-Current Borrowings	—	9.61
Other Non Current Financial Liabilities	2840.73	27.85
75,75,000 (2019 – 85,17,500;), 4% Non-convertible Cumulative Redeemable Preference Shares – Level 3	388.88	481.59
Financial liabilities at FVTPL:		
Borrowings – Non-current	7,940.00	7,911.00
Derivative liabilities	—	31.59
Total	21,815.22	15,243.40

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, 2020 & 31st March, 2019 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 41 — 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

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 31 March 2020 Rs. in lacs	As at 31 March 2019 Rs. in lacs
Financial Asset at Fair Value through profit or loss:		
Current Investments – Level 1	2,455.87	100.77
Total	2,455.87	100.77
Financial Liabilities at Fair Value through profit or loss:		
Optionally Convertible Debentures (OCD) - Level 3	1,910.00	1,899.00
Compulsory Convertible Preference Shares (CCPS) - Level 3	6,030.00	6,012.00
Derivative Liabilities - Level 1	—	31.59
Total	7,940.00	7,942.59

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 2020 and 31 March 2019 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

NOTE 42 — 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

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 fila and fitness and exports of FILA and fitness and exports of FILA.

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.

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 2020 Rs. in lacs	As at 31st March 2019 Rs. in lacs
Trade Receivables		
USD	—	0.18
Trade Payables		
USD	23.65	22.32
CNY	—	—

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 2020 Rs. in lacs	As at 31st March 2019 Rs. in lacs
USD	17.83	15.31
CNY	—	—

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

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 2020 Rs. in lacs	As at 31st March 2019 Rs. in lacs
(a) Fixed Rate		
Non Current Borrowings	6,610.76	3,998.27
(b) Fluctuating Rate		
Non Current Borrowings	—	8.68
Current Borrowings	9.92	119.90
Interest rate sensitivities for unhedged exposure (impact on increase in 100 bps):		
Non Current Borrowings	—	0.09
Current Borrowings	0.10	1.20

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 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 cusotmers and receivable amount.

Particulars	Rs. in lacs Amount
Movement of allowance for doubtful debts	
Balance as 31 March 2018	—
Add: Provisions	—
Balance as 31 March 2019	11.81
Add: Provisions	140.79
Balance as 31 March 2020	152.60

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

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 2020				
Trade Payables	2,737.46	—	—	2,737.46
Borrowings (including current maturities of long term debt)	5,863.18	—	8,328.88	14,192.06
Other Financial Liabilities	4,850.60	35.10	—	4,885.70
Investments	2,455.87	—	—	2,455.87
As at 31st March 2019				
Trade Payables	2,255.11	—	—	2,255.11
Borrowings (including current maturities of long term debt)	3,266.12	—	8,570.00	11,668.32
Other Financial Liabilities	1,319.97	—	—	1,319.97
Investments	100.77	—	—	100.77

NOTE 43 — 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 2020 Rs. in lacs	As at 31st March 2019 Rs. in lacs
A. Total Debt	14,192.06	11,668.32
B. Cash and Marketable securities	6,064.09	501.15
C. Net Debt (A-B)	8,127.98	11,167.17
D. Total Equity	2,466.21	1,977.74
Debt to Equity (Net) (C/D)	3.30	5.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

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 44 — LEASES

The company has taken on lease retail stores, office premises and warehouses. The lease typically run for the period between 12 month to 60 months . Previously these leases were classified as operating leases under Ind AS 17.

Information about leases for which the company is lessee is presented below:

Particulars	Amount Rs. in lacs
(A) Right of use Building	
(I) Carrying amount of:	
Right-of-Use: Buildings as on 31.03.2019	2,070.79
	2,070.79
(II) Cost	
Balance at April 1, 2019	2,070.79
Additions	1,161.98
Disposal / Derecognized during the year	—
Balance at March 31, 2020	3,232.77
(III) Accumulated depreciation	
Balance at April 1, 2019	—
Depreciation expense	629.74
Disposal / Derecognized during the year	—
Balance at March 31, 2020	629.74
Balance at March 31, 2020	629.74
Balance at April 1, 2019	—
(B) Lease liabilities in respect of Right to use Building	
Balance at April 1, 2019	2,070.79
Addition	1,790.87
Accredition of interest	330.47
Payments	746.70
Adjustments for Disposals	—
Balance at March 31, 2020	3,445.42
Current	632.89
Non-current	2,812.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	Amount Rs. in lacs
(C) Amounts recognised in profit and loss	
Depreciation expense of right-of-use assets	629.74
Interest expense on lease liabilities	330.47
Expense relating to short-term leases	100.46
Expense relating to low value assets	8.36
Total	1,069.03

NOTE 45 — 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 2020	% of voting power as at 31st March 2019	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	—	—	134.12%	3,307.64	-27.15%	232.15	23.55%	(5.32)	-25.85%	226.83
2 Cravatex Brands Ltd.	India	99.997%	99.997%	-14.53%	(358.32)	315.26%	(2,695.49)	76.45%	(17.27)	309.11%	(2,712.76)
3 BB UK Ltd.	UK	100.000%	100.000%	200.71%	4,949.97	-219.33%	1,875.28	—	—	-213.68%	1,875.28
4 Total Eliminations	—	—	—	-220.30%	(5,433.08)	31.22%	(266.93)	—	—	30.42%	(266.93)
				100.00%	2,466.21	100.00%	(855.00)	100.00%	(22.59)	100.00%	(877.60)

NOTE 46 — RECENT STANDARDS

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new and amendments to Ind ASs which the Company has applied as they are effective for annual periods beginning on or after 1 April 2019:

Ind AS – 116 Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. Impact of this Ind AS has been separately disclosed by the Company at Note No. 44 forming a part of these consolidated financial statements.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Company’s financial statements:

Amendments to Ind AS 103, Business Combinations, and Ind AS 111, Joint Arrangements: This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.

Amendments to Ind AS 109, Financial Instruments: amendments relating to the classification of particular pre payable financial assets.

Amendments to Ind AS 12, Income Taxes, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

Amendment to Ind AS 19, Employee Benefits - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).

Amendments to Ind AS 23, Borrowing Costs, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.

NOTE 47 — 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
 B) Wellness – Gym equipments and accessories

Particulars	For the year Ended 31 March 2020				For the year Ended 31 March 2019			
	Sports	Wellness	Unallocable	Total	Sports	Wellness	Unallocable	Total
Segment Revenue (Revenue from Sales, Services & Other Operating Revenue)								
Revenue from Sale of products	73,576.05	3,549.60	239.70	77,365.35	66,724.51	4,419.88	67.47	71,211.85
Revenue from Services	—	497.13	—	497.13	—	518.93	—	518.93
Other Operating Revenue	—	4.77	—	4.77	17.26	17.94	—	35.20
Total Revenue (A)	73,576.05	4,051.50	239.70	77,867.25	66,741.77	4,956.74	67.47	71,765.98
Less: Inter Segment Revenue if any (B)	—	—	—	—	—	—	—	—
Total Segment Revenue (C=A-B)	73,576.05	4,051.50	239.70	77,867.25	66,741.77	4,956.74	67.47	71,765.98
Segment Results (Profit/(Loss) Before Interest, Depreciation & Tax)	2,072.87	50.69	(1,030.85)	1,092.71	3,063.17	289.78	(997.65)	2,355.30
Less: Exceptional Items	—	—	—	—	—	—	—	—
Segment Results (Profit/(Loss) Before Interest, Depreciation & Tax)	2,072.87	50.69	(1,030.85)	1,092.71	3,063.17	289.78	(997.65)	2,355.30
Less: Depreciation & Amortization	(747.95)	(218.83)	(374.17)	(1,340.94)	(305.36)	(120.50)	(147.42)	(573.28)
Total Segment Result (D)	1,324.92	(168.13)	(1,405.02)	(248.23)	2,757.81	169.28	(1,145.08)	1,782.02
Less: Finance Costs	(217.71)	(103.60)	(767.24)	(1,088.55)	(2.63)	(52.40)	(454.36)	(509.39)
Add: Other Income	—	—	542.64	542.64	—	—	415.76	415.76
Loss Before Tax	1,107.21	(271.73)	(1,629.62)	(794.14)	2,755.18	116.88	(1,183.67)	1,688.39
Tax Expenses								
— Current Tax	—	—	(418.93)	(418.93)	—	—	(593.79)	(593.79)
— Deferred Tax Charge/(Credit)	—	—	21.39	21.39	—	—	(16.53)	(16.53)
— Taxes of Earlier years	—	—	336.68	336.68	—	—	(11.90)	(11.90)
Profit for the year	1,107.21	(271.73)	(1,690.48)	(855.01)	2,755.18	116.88	(1,805.89)	1,066.17

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Segment Reporting Format for Business Segment as per IND AS 108

Particulars	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
Segment Assets		
— Sports	29,255.24	25,789.78
— Wellness	2,417.69	2,588.22
Add: Unallocable Segment Assets	4,240.17	1,541.92
Total Assets	35,913.10	29,919.92
Segment Liabilities		
— Sports	14,147.51	13,396.06
— Wellness	1,876.28	1,695.00
Add: Unallocable Segment Liabilities	15,818.63	14,828.86
Total Liabilities	31,842.42	29,919.92

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 at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
A. Revenue from operations		
— Domestic	15,192.50	11,007.07
— International	62,674.75	24,573.10
	77,867.25	35,580.17
B. Non-current assets		
— Domestic	8,144.84	4,972.05
— International	367.39	37.83
	8,512.22	5,009.88

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 48 — REVENUE FROM CONTRACT WITH CUSTOMER

A. Disaggregation of revenue

The management determines that the segment information reported under Note 47 "Segment reporting" is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported. Following table provides a reconciliation of revenue reported under segment information and revenue recognised in Statement of Profit and Loss as revenue from contracts with customers:

Particulars				Rs. in Lacs
	Sports	Wellness	Unallocable	Total
Segment revenue	73,576.05	4,051.50	239.70	77,867.25
Adjustments	—	—	—	—
Total revenue from contract with customers	73,576.05	4,051.50	239.70	77,867.25

B. Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

Particulars	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
	Trade receivables (Refer note 9)	11,771.47
Deferred Revenue (Refer note 26)	166.08	223.40

The contract assets primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the Customer. The contract liabilities primarily relate to the advance consideration received from the customers.

Significant changes in contract liabilities during the year:

Particulars	For the year ended 31st March 2020 Rs. in Lacs	For the year ended 31st March 2019 Rs. in Lacs
	Opening Balance of Unearned revenue	223.40
Less: revenue recognised that was included in the contract liability balance at the beginning of the period	(191.32)	(527.45)
Add: revenue transferred unearned revenue	134.00	201.13
Closing Balance of Unearned revenue	166.08	223.40

C. Reconciliation the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	As at 31st March 2020 Rs. in Lacs	As at 31st March 2019 Rs. in Lacs
	Revenue as per contracted price	81,017.94
Adjustments		
Sales return (Incl provision for sales return)	(881.33)	(1,022.00)
Discounts	(2,269.36)	(1,777.67)
Revenue from contract with customers	77,867.25	71,765.98

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 49 — EARNINGS PER SHARE (EPS)

Particulars	For the year 31st March 2020 Rs. in Lacs	For the year 31st March 2019 Rs. in Lacs
Basic / Diluted EPS		
(i) Net Profit / (Loss) attributable to Equity Shareholders	(855.01)	1,066.17
(ii) Weighted average number of Equity Shares outstanding (Nos.)	2,584,160	2,584,160
Basic / Diluted Earnings Per Share (i/ii)	(33.09)	41.26

NOTE 50 — 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 51 — PREVIOUS YEAR'S COMPARABLES

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

NOTE 52 — IMPACT OF COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Supply Chain disruptions as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several countries followed by a global lockdown in March 2020 announced by the various governments, to contain the spread of COVID-19. The supply chain activities for Group were completely stopped during the lockdown period, consequently no sales were recorded during this period. Post lockdown the supplies of the products has started functioning to the extent allowed by local authorities. The situation is likely to further improve with easing of restrictions in the coming days.

In light of these circumstances, The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc. The Group has considered internal and external information while finalizing various estimates in relation to its financial statement up to the date of approval of the financial statements by the Board of Directors and has not identified any material impact on the carrying value of tangible and intangible assets, financials assets, inventory, receivables etc as well as borrowings and liabilities accrued.

With relaxation in lockdown management don't see further impact on the overall demand of the goods and its supply chain. The Group has also not observed any significant delay in the collection from customers except for the lockdown period and management believe that the same will be regularised in next 2-3 months period, thus there is no significant increase in Credit risk. Further, the Group's liquidity position is adequate to service all its near-term debt and other financing arrangements/liabilities.

SIGNATURES TO NOTES FORMING PART OF THE FINANCIAL STATEMENTS FROM "1" TO "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 : June 29, 2020

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

Executive Director & CFO

DIN: 08730430

N. Santhanam

Independent Director

DIN: 00027724

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

