

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy on Code of Governance

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

2. Board of Directors

(a) Composition/Category of Directors

Directors	Category	Board Meetings		Last AGM Attended	# No. of Other Directorships	@Member of Committees (Chairman)
		Held	Attended			
Mr. Rajesh Batra	Promoter Managing Director	4	4	Yes	4	3
Mr. Arjun Bulchandani	Independent Non-executive	4	3	No	None	1
Mr. H. K. Vakharia	Independent Non-executive	4	3	Yes	None	None
Mr. N. R. Mahalingam	Independent Non-executive	4	4	Yes	1	2(chairman of 2)
Dr. S. D. Israni	Independent Non-executive	4	4	Yes	3	2
Mr. Nabankur Gupta	Independent Non-executive	4	3	No	9	5(chairman of 2)
Mr. Rajiv Batra	Promoter Non-executive	4	3	Yes	1	None
Mr. N. Santhanam	Independent Non-executive	4	4	Yes	None	1

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

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

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

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(b) Details of Remuneration and No. of Shares Held in the Company

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 2012 -13 and no. of shares held as on March 31, 2013 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs)	No. of Shares
Mr. Arjun Bulchandani	3	60,000/-	NIL
Mr. H.K. Vakharia	3	60,000/-	NIL
Mr. N. R. Mahalingam	4	80,000/-	2,560
Dr. S. D. Israni	4	80,000/-	NIL
Mr. Nabankur Gupta	3	60,000/-	NIL
Mr. Rajiv Batra	3	60,000/-	61,840
Mr. N. Santhanam	4	80,000/-	NIL

The appointment of Managing Director is governed by the recommendation of the Remuneration Committee, Resolutions passed by the Board of Directors and Members of the Company, which covers the terms of such appointment and remuneration payable. The details of remuneration paid to the Managing Director during the financial year 2012 – 13 and no. of shares held as on March 31, 2013 are given below:

Name	Designation	Gross Remuneration (Rs.)	No. of Shares
Mr. Rajesh Batra	Managing Director	52,26,900/-	40

(c) Number of Board Meetings held during the year 2012-13

The Company held 4 (four) Board Meetings during the Financial Year 2012-13. These were on May 25, 2012, August 14, 2012, November 6, 2012 and February 8, 2013.

3. Board Committees

The Board has constituted the following Committees of Directors:

(A) Audit Committee

(a) Composition

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

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

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

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the Internal Auditors and Statutory Auditors, selection and establishment of accounting policies, review of financial statements, both quarterly and annual, before submission to the Board, review of management discussion and analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under Clause 49 of the Listing Agreement.

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(b) Number of Meetings held & Details of Remuneration paid during the financial year 2012-13

The Company held 3 (three) Audit Committee Meetings on August 14, 2012, November 6, 2012 and February 8, 2013. The details of sitting fees paid to the Committee Members during the financial year 2012 – 13 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs.)
Mr. N. R. Mahalingam	3	30,000/-
Mr. Nabankur Gupta	2	20,000/-
Dr. S. D. Israni	3	30,000/-
Mr. N. Santhanam	3	30,000/-

(B) Shareholders/Investors Grievance Committee

(a) Composition

The Shareholders/Investors Grievance Committee consists of the following Directors:

(1) Mr. N.R. Mahalingam (Chairman) (2) Mr. Arjun Bulchandani and (3) Mr. Rajesh Batra
Mr. Sudhanshu Namdeo, Company Secretary is designated as the Compliance Officer.

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

There were 2 investor complaints received during the Financial Year. There were no complaints pending at the end of the Financial Year.

(b) Number of Meetings held & Details of Remuneration paid during the financial year 2012-13

The Company held 21 (twenty one) Shareholders/Investors Grievance Committee Meetings in the Financial Year 2012-13. However, the Members of the Committee are not entitled to remuneration and accordingly, no remuneration has been paid to any of its Committee Members

(C) Remuneration Committee

(a) Composition

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

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

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

(b) Number of Meetings held & Details of Remuneration paid during the financial year 2012-13

The Company held 1 (one) Remuneration Committee Meeting on July 24, 2012 at which meeting all Committee Members were present. The details of sitting fees paid to the Committee Members during the financial year 2012-13 are given below:

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

(D) Selection Committee**(a) Composition**

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

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

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

(b) Number of Meetings held & Details of Remuneration paid during the financial year 2012-13

The Selection Committee did not hold any meeting during the Financial Year 2012 – 13 and accordingly, no remuneration has been paid to any of its Members.

4. Details in respect of last three Annual General Meetings (AGM)

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

	I (AGM)	II (AGM)	III (AGM)
Date	14/08/2012	08/07/2011	16/07/2010
Venue	Textiles Committee P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025	M.C. Ghia Hall, 4 th Floor Bhogilal Hargovindas Bldg. 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001	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? : Not Applicable

(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 would be as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 read with Section 192A of the Companies Act, 1956.

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5. Other Disclosures:

(a) Related Party Transactions

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

None of the transactions with any of the related parties were in conflict with the interest of the Company at large.

(b) Disclosures on Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Assessment and Minimisation Procedure. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

(c) Code of Conduct

The Board of Directors has adopted the Code of Conduct for the Board of Directors and Senior Management of the Company. The said Code has been communicated to all the Directors and Members of the Senior Management. The Code has also been posted on the Company's website www.cravatex.com.

(d) Whistle Blower Policy

The Company has not adopted Whistle Blower Policy. However, the Company does not deny access to any personnel to approach the Management on any issue.

(e) 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

6. CEO/CFO Certification:

The Managing Director and General Manager – Finance & Accounts, have provided the certificate on the financial statements and internal controls of the Company.

7. Means of Communication

(a) Quarterly Results:

The unaudited quarterly results are announced within 45 days from the end of the quarter and the audited annual results within 60 days from the end of the last quarter, as stipulated under the Listing Agreement with the Bombay Stock Exchange Limited.

(b) Newspapers wherein results normally published:

Business Standard (in English) and in Sakal (in Marathi)

(c) Any Website, where displayed: www.cravatex.com

(d) Whether Website also displays official news releases: No

(e) Whether presentations made to institutional investors or to the analysts: No

(f) Management Discussion & Analysis Report:

The Management Discussion & Analysis Report forms part of the Annual Report.

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8. General Shareholder Information

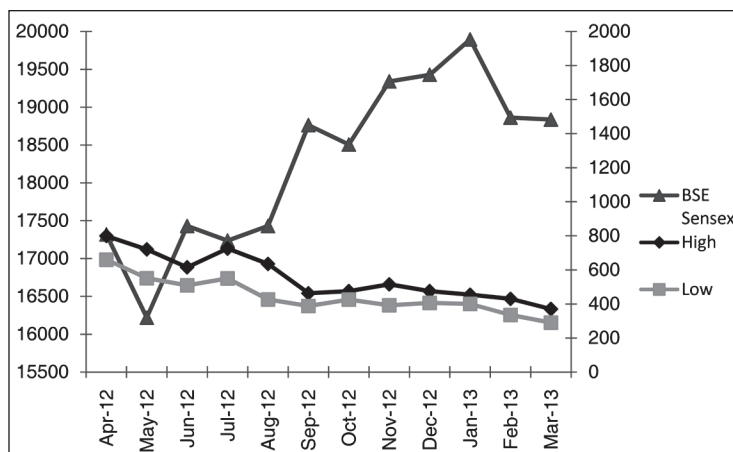
- (a) Annual General Meeting will be held on Tuesday, August 13, 2013 at 10.30 a.m. at Rachana Sansad Auditorium, 278, Shankar Ghanekar Marg, Prabhadevi, Mumbai – 400 025.
- (b) Financial Year:
- | | | |
|---|---|-------------------------------|
| Annual General Meeting | : | August 13, 2013 |
| Results for quarter ending June 30, 2013 | : | Second week of August, 2013 |
| Results for quarter ending September 30, 2013 | : | Second week of November, 2013 |
| Results for quarter ending December 31, 2013 | : | Second week of February, 2014 |
| Results for the year ending March 31, 2014 | : | Before May 30, 2014 |
- (c) Date of Book Closure : Tuesday, August 6, 2013 to Tuesday, August 13, 2013 (both days inclusive)
- (d) Dividend Payment Date : Before September 11, 2013
- (e) Listing on Stock Exchange : Company's shares are listed on the Bombay Stock Exchange Ltd.
- (f) Stock Code : 509472
 SYMBOL : CRAVATEX
 Demat ISIN : INE145E01017
- (g) Market Price Data : High: Rs.799.00(12/04/2012)
 (during Financial Year 2012-13) Low: Rs.290.05 (26/03/2013)

High, Low and Number of Shares Traded during each month in the financial year 2012-13 on the Bombay Stock Exchange Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr 12	799.00	660.00	9,723	697	68,84,420
May 12	720.00	551.00	14,374	1,017	91,55,440
Jun 12	614.90	509.00	7,742	368	43,20,789
Jul 12	725.00	550.00	12,658	711	80,53,287
Aug 12	634.75	426.00	54,364	1,950	2,68,08,647
Sep 12	462.75	387.65	30,026	911	1,29,64,619
Oct 12	475.00	425.35	7,228	378	32,90,735
Nov 12	514.85	392.00	16,560	689	73,39,511
Dec 12	475.00	406.00	13,719	548	60,10,064
Jan 13	454.00	400.00	6,590	274	28,12,547
Feb 13	429.90	335.00	7,526	293	27,76,706
Mar 13	369.85	290.05	23,980	270	79,20,392

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(h) Stock Performance:



(i) Registrars & Share Transfer Agents:

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

Registered Office:

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

Tel. Nos.022-67720300, 67720400 & 67720403, Fax No. 022-67720421, 28591568, 28508927.

Email : sharepro@shareproservices.com

Investor Relation Centre:

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

Tel. No. 022 – 2288 1469, 6613 4700 Fax No. 022 – 2282 5484.

(j) Share Transfer System:

Presently, the share transfers received in physical form are processed and share certificates are returned within a period of 15 days from the date of receipt, subject to the transfer instruments being valid and complete in all respects. The Company has also offered the facility of transfer cum demat as per SEBI guidelines.

(k) Distribution of Shareholding as on March 31, 2013:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 500	2,385	94.79	2,16,080	8.36
501 to 1000	73	2.90	53,286	2.06
1001 to 2000	28	1.11	38,572	1.49
2001 to 3000	12	0.48	31,652	1.23
3001 to 4000	1	0.04	4,000	0.15
4001 to 5000	3	0.12	13,347	0.52
5001 to 10000	4	0.16	27,005	1.05
10001 and above	10	0.40	22,00,218	85.14
Total	2,516	100.00	25,84,160	100.00

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Shareholding Pattern as on March 31, 2013

Category	No. of Shares	% To Paid-up Capital	No. of Shares Held in Demat	% Demat
Promoters	19,38,120	75.00	19,38,120	75.00
Banks	0	0.00	0	0.00
Bodies Corporate	50,559	1.96	49,274	1.91
NRI*	6,527	0.25	6,527	0.25
Public	5,88,954	22.79	4,05,809	15.70
Total Capital	25,84,160	100.00	23,99,730	92.86

*Total foreign shareholding in the company is 84,767(3.28%) of which 78,240 (3.03%) is included in Indian Promoters.

(l) Dematerialisation of shares and liquidity

Of the Company's total shareholding, 23,99,730 (92.86%) shares were held in dematerialised mode by the Members of the Company of which 22,66,747 (87.71%) shares were under National Securities Depository Limited (NSDL) and balance 1,32,983 (5.15%) shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2013.

(m) Share Capital Audit:

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

(n) In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules 2001, the Company has credited during the financial year ended March 31, 2013, a sum of Rs.67,374/- to the Investor Education and Protection Fund (IEPF). Upto the financial year ended March 31, 2012 an amount of Rs.5,57,677/- has been credited to the Investor Education & Protection Fund.

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

None

(p) Plant Location:

None

(q) Address for Correspondence

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

E-mail : investors@cravatex.com

Tel. No.: 022 – 6666 7474, Fax No.: 022 – 2431 3210

For and on behalf of the Board of Directors

Rajesh Batra

Chairman & Managing Director

Place : Mumbai
Dated : May 28, 2013

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

This is to confirm that as provided under Clause 49(I)(D) of the Listing Agreement with Bombay Stock Exchange Limited, 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, 2013.

For Cravatex Limited,

Rajesh Batra
Chairman & Managing Director

Place : Mumbai
Dated : May 28, 2013

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Cravatex Limited

We have examined the compliance of conditions of Corporate Governance by Cravatex Limited, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause 49. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement.

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

For Hemanshu Kapadia & Associates

Hemanshu Kapadia
Proprietor
C.P. No. 2285

Place : Mumbai
Dated : May 28, 2013