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 openess 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	Designation	Board Meetings		Last AGM Attended	# No. of Other Directorships	@Member of Committees (Chairman)
		Held	Attended			
Mr. Rajesh Batra (Chairman)	Managing Director	4	4	Yes	3	3
Mr. Arjun Bulchandani	Independent Director	4	4	Yes	None	1
Mr. H. K. Vakharia	Independent Director	4	4	Yes	None	None
Mr. N. R. Mahalingam	Independent Director	4	4	Yes	1	2 (chairman of 1)
Dr. S. D. Israni	Independent Director	4	4	Yes	3	2
Mr. Nabankur Gupta	Non-executive Director	4	3	Yes	7	4 (chairman of 1)
Mr. Rajiv Batra	Non-executive Director	4	3	Yes	1	None
Mr. N. Santhanam	Independent Director	4	3	Yes	None	1 (chairman of 1)
Mrs. Pheroza Jimmy Bilimoria*	Additional Director	2	2	N.A.	1	None

* Appointed w.e.f. September 16, 2014

\# 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.

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

The appointment of Managing Director is governed by the recommendation of the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Members of the Company, which covers the terms of such appointment and remuneration payable. The details of remuneration paid to the Managing Director during the financial year 2014-15 and no. of shares held as on March 31, 2015 are given below:

Name	Designation	Gross Remuneration (Rs.)	No. of Shares
Mr. Rajesh Batra	Managing Director	18,56,132/-	50

REPORT ON CORPORATE GOVERNANCE

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 2014-15 and no. of shares held as on March 31, 2015 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs.)	No. of Shares
Mr. Arjun Bulchandani	4	80,000/-	NIL
Mr. H.K. Vakharia	4	80,000/-	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/-	20
Mr. N. Santhanam	3	60,000/-	NIL
Mrs. Pheroza Jimmy Bilimoria	2	40,000/-	NIL

(c) Number of Board Meetings held during the year 2014-15

The Company held 4 (four) Board Meetings during the Financial Year 2014-15. These were held on May 30, 2014, August 13, 2014, November 12, 2014 and February 12, 2015.

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 Directors:

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

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

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.

(b) Number of Meetings held & Details of Remuneration paid during the financial year 2014-15

The Company held 4 (four) Audit Committee Meetings on May 30, 2014, August 13, 2014, November 12, 2014 and February 12, 2015. The details of sitting fees paid to the Committee Members during the financial year 2014-15 are given below:

Name	No. of Meetings Attended	Sitting Fees (Rs.)
Mr. N. Santhanam	3	30,000/-
Mr. Nabankur Gupta	3	30,000/-
Dr. S. D. Israni	4	40,000/-
Mr. N. R. Mahalingam	4	40,000/-

REPORT ON CORPORATE GOVERNANCE

(B) Stakeholders Relationship Committee

(a) Composition

The Stakeholders Relationship 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 Stakeholders Relationship Committee include to approve and register the transfers and/or transmission of equity shares of the Company, redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

There was no investor complaints received during the financial year 2014-15. 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 2014-15

The Company held 11 (eleven) Stakeholders Relationship Committee Meetings in the Financial Year 2014-15. 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) Nomination and Remuneration Committee

(a) Composition

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

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

Broad terms of reference of the Nomination and Remuneration Committee include to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

(b) Number of Meetings held & Details of Remuneration paid during the financial year 2014-15

The Company held 1 (one) Nomination and Remuneration Committee Meeting on August 13, 2014. The details of sitting fees paid to the Committee Members during the financial year 2014-15 are given below:

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

(D) Corporate Social Responsibility (CSR) Committee:

(a) Composition

The CSR Committee consists of the following Directors :

(1) Mr. Nabankur Gupta (Chairman) 2) Mr. N. Santhanam and 3) Mr. Rajesh Batra

Broad terms of reference of the CSR Committee include to support the underprivileged sections of your society and thereby undertakes 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.

REPORT ON CORPORATE GOVERNANCE

(b) Number of Meetings held & Details of Remuneration paid during the financial year 2014-15

The Company held 3 (three) CSR Committee Meetings in the Financial Year 2014-15. These were held on August 13, 2014, November 12, 2014 and February 12, 2015. However, the Members of the Committee are not entitled to remuneration and accordingly, no remuneration has been paid to any of its Committee Members.

(E) Independent Directors' Meeting:

During the year under review, Independent Directors met on March 31, 2015, without the presence of Managing Director, Non-Executive, 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 Executive Directors and Non-Executive 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 hold 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.

Performance Evaluation:

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including Chairman of the Board. Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own 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 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. 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 performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

REPORT ON CORPORATE GOVERNANCE

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	13/08/2014	13/08/2013	14/08/2012
Venue	Rachana Sansad Auditorium 278, Shankar Ghanekar Marg Prabhadevi Mumbai–400 025	Rachana Sansad Auditorium 278, Shankar Ghanekar Marg 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 ?

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, if any, would be as per The Companies (Management and Administration) Rules, 2014 read with Section 110 of the Companies Act, 2013.

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 adopted the Whistle Blower Policy. 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

REPORT ON CORPORATE GOVERNANCE

6. CEO/CFO Certification:

The Managing Director and Chief Financial Officer, 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.

8. General Shareholder Information

(a) Annual General Meeting will be held on Friday, August 14, 2015 at 11.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025.

(b) Financial Year:

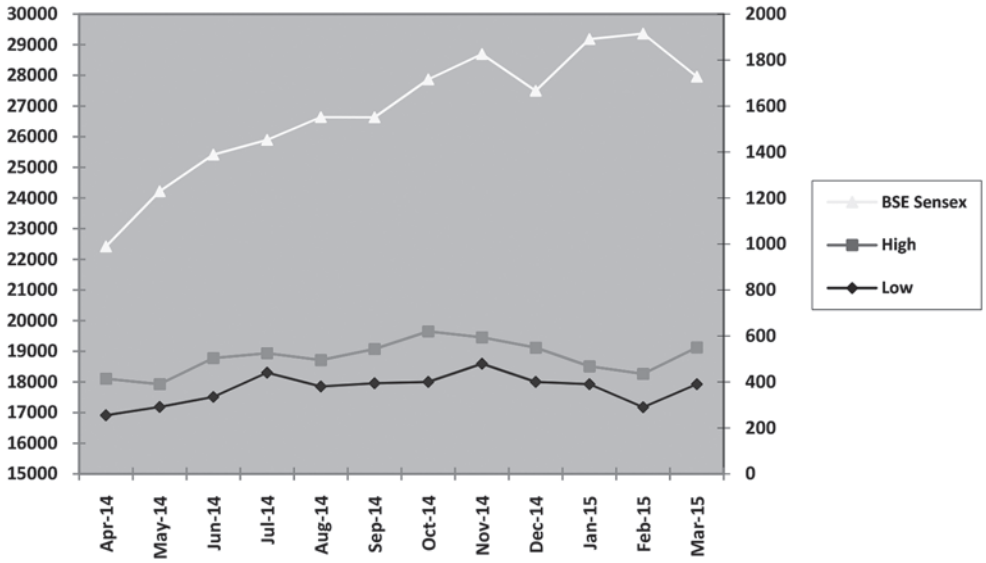
Annual General Meeting	:	August 14, 2015
Results for quarter ending June 30, 2015	:	Second week of August, 2015
Results for quarter ending September 30, 2015	:	Second week of November, 2015
Results for quarter ending December 31, 2015	:	Second week of February, 2016
Results for the year ending March 31, 2016	:	Before May 30, 2016
(c) Date of Book Closure	:	August 08, 2015 to August 14, 2015 (both days inclusive)
(d) Dividend Payment Date	:	Before August 31, 2015
(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.620.00 (28/10/2014)
(during Financial Year 2014-15)		Low: Rs.255.00 (11/04/2014)

REPORT ON CORPORATE GOVERNANCE

High, Low and Number of Shares Traded during each month in the financial year 2014-15 on the Bombay Stock Exchange Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr 14	413.85	255.05	31,332	1,222	1,06,13,801
May 14	390.15	291.15	26,285	1,269	92,49,126
Jun 14	503.95	335.00	46,846	1,814	2,01,82,233
Jul 14	525.00	440.00	19,392	991	95,31,398
Aug 14	495.00	380.20	29,990	995	1,28,54,605
Sep 14	543.00	394.15	33,743	1,505	1,58,19,009
Oct 14	620.00	399.95	32,412	1,731	1,74,39,580
Nov 14	594.00	479.00	8,530	665	45,12,070
Dec 14	549.00	400.00	58,945	3,018	2,76,59,169
Jan 15	468.00	390.00	12,781	923	53,63,124
Feb 15	435.00	290.00	19,070	1,129	65,57,388
Mar 15	550.00	390.00	1,38,883	6,115	6,96,60,155

(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 & 67720316, Fax No. 022-28591568, 28508927.
Email : sharepro@shareproservices.com

REPORT ON CORPORATE GOVERNANCE

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:

93.20% 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. The Company has also offered the facility of transfer cum demat as per SEBI guidelines.

(k) Distribution of Shareholding as on March 31, 2015:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Less than 500	2,217	94.50	1,96,448	7.60
501 to 1000	71	3.03	56,067	2.17
1001 to 2000	25	1.07	35,908	1.39
2001 to 3000	11	0.47	28,562	1.11
3001 to 4000	2	0.08	7,300	0.28
4001 to 5000	2	0.08	8,847	0.34
5001 to 10000	7	0.30	49,018	1.90
10001 and above	11	0.47	22,02,010	85.21
Total	**2,346**	**100.00**	**25,84,160**	**100.00**

Shareholding Pattern as on March 31, 2015

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
Bodies Corporate	29,194	1.13	27,909	1.08
NRI*	8,161	0.32	8,161	0.32
Public	6,08,685	23.55	4,34,186	16.80
Total Capital	**25,84,160**	**100.00**	**24,08,376**	**93.20**

* Total foreign shareholding in the company is 24,581 (0.95%) of which 16,420 (0.64%) is included in Indian Promoters.

(l) Dematerialisation of shares and liquidity

Of the Company's total shareholding, 24,08,376 (93.20%) shares were held in dematerialised mode by the Members of the Company of which 22,65,606 (87.67%) shares were under National Securities Depository Limited (NSDL) and balance 1,42,770 (5.53%) shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2015.

(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-á-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, 2015, a sum of Rs.96,079/- to the Investor Education and Protection Fund (IEPF). Upto the financial year ended March 31, 2015 an amount of Rs.7,33,343/- has been credited to the Investor Education & Protection Fund.

REPORT ON CORPORATE GOVERNANCE

(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
Tel. No.: 022-6666 7474, Fax No.: 022-2431 3210
E-mail : investors@cravatex.com

For and on behalf of the Board of Directors

Rajesh Batra
Chairman & Managing Director

Place : Mumbai
Dated : May 29, 2015

CIN : L93010MH1951PLC008546
Registered Office:
Sahas, 4th Floor, 414/2, Veer Savarkar Marg,
Prabhadevi, Mumbai-400 025.
Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210
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 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, 2015.

For Cravatex Limited,

Rajesh Batra
Chairman & Managing Director

Place : Mumbai
Dated : May 29, 2015

CIN : L93010MH1951PLC008546
Registered Office:
Sahas, 4th Floor, 414/2, Veer Savarkar Marg,
Prabhadevi, Mumbai-400 025.
Tel. No.: +91 22 66667474, Fax No.: +91 22 24313210
E-mail: investors@cravatex.com
Website: www.cravatex.com

REPORT ON CORPORATE GOVERNANCE

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 2015, 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 29, 2015