

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 demands 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 open-ness 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

Composition / Category of Directors, Attendance, No. of Board/Committees No. of Shares

Directors	Designation	Board Meetings		Last AGM Attended	# No. of Other Directorships	@Member of Committees (Chairman)	No. of Shares
		Held	Attended				
Mr. Rajesh Batra (Chairman)	Managing Director	4	4	Yes	3	3	50
Mr. Arjun Bulchandani	Independent Director	4	4	Yes	None	1	0
Mr. H. K. Vakharia	Independent Director	4	3	Yes	None	None	0
Mr. N. R. Mahalingam	Independent Director	4	3	Yes	1	2 (chairman of 1)	2,560
Dr. S. D. Israni	Independent Director	4	4	Yes	3	2	0
Mr. Nabankur Gupta	Non-executive Director	4	4	Yes	7	5	0
Mr. Rajiv Batra	Non-executive Director	4	2	Yes	1	None	20
Mr. N. Santhanam	Independent Director	4	4	Yes	None	1 (chairman of 1)	0
Mrs. Pheroza Jimmy Bilimoria	Independent Director	4	2	Yes	None	None	0

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.

The Company held 4 (four) Board Meetings during the Financial Year 2015 - 16. These were on May 29, 2015, August 14, 2015, November 6, 2015 and February 12, 2016.

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3. Audit Committee

(a) Terms of Reference

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 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 Directors:

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.

(c) Number of Meetings, Attendance

The Company held 4 (four) Audit Committee Meetings on May 29, 2015, August 14, 2015, November 6, 2015 and February 12, 2016. The details of attendance of the Audit Committee Members during the financial year 2015 – 16 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Mr. N. Santhanam	5	4
Mr. Nabankur Gupta	5	5
Dr. S. D. Israni	5	5
Mr. N. R. Mahalingam	5	4

4. Nomination and Remuneration Committee

(a) Terms of Reference

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) Composition

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

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

(c) Number of Meetings and Attendance

The Company held 2 (two) Nomination and Remuneration Committee Meeting on May 29, 2015 and November 6, 2015. The details of attendance of the Nomination & Remuneration Committee Members during the financial year 2015 - 16 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Dr. S. D. Israni	2	2
Mr. Nabankur Gupta	2	2
Mr. N. R. Mahalingam	2	2
Mr. N. Santhanam	2	2

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5. Details of Remuneration

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 2015-16 are given below:

Name	Designation	Gross Remuneration (Rs.)
Mr. Rajesh Batra	Managing Director	24,00,048/-

The Non-executive Directors are paid remuneration by way of sitting fees. The details of sitting fees paid to the Independent and Non-executive Directors during the financial year 2015 – 16 are given below:

Name	Sitting Fees (Rs.)
Mr. Arjun Bulchandani	80,000/-
Mr. H.K. Vakharia	60,000/-
Mr. N. R. Mahalingam	60,000/-
Dr. S. D. Israni	80,000/-
Mr. Nabankur Gupta	80,000/-
Mr. Rajiv Batra	40,000/-
Mr. N. Santhanam	80,000/-
Mrs. Pheroza Jimmy Bilimoria	40,000/-

The details of sitting fees paid to the Audit Committee Members during the financial year 2015 – 16 are given below:

Name	Sitting Fees (Rs.)
Mr. N. Santhanam	40,000/-
Mr. Nabankur Gupta	50,000/-
Dr. S. D. Israni	50,000/-
Mr. N. R. Mahalingam	40,000/-

The details of sitting fees paid to the Nomination & Remuneration Committee Members during the financial year 2015 – 16 are given below:

Name	Sitting Fees (Rs.)
Dr. S. D. Israni	20,000/-
Mr. Nabankur Gupta	20,000/-
Mr. N. R. Mahalingam	20,000/-
Mr. N. Santhanam	20,000/-

The Members of the Stakeholders Grievance Committee are not entitled to remuneration and accordingly, no remuneration has been paid to any of its Committee Members.

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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 Regulation 4(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, 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.

6. Stakeholders Grievance Committee

(a) Terms of Reference

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.

(b) Composition & Compliance Officer

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.

(c) No. of Shareholders Complaints & Not Resolved

There was no investor complaints received during the financial year 2015 - 16. There were no complaints pending at the end of the Financial Year.

Independent Directors' Meeting:

During the year under review, Independent Directors met on February 12, 2016, without the presence of Managing Director, Non- Independent Directors and Management Team. The meeting was attended by all Independent Directors except Mr. N.R. Mahalingam and Ms. Pheroza Jimmy Bilimoria 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 present in the meeting hold an unanimous opinion that the Non-Independent Directors, including the Managing Director bring to the Board, abundant knowledge in their respective field 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.

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7. General Body Meetings

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

	I (AGM)	II (AGM)	III (AGM)
Date	14/08/2015	13/08/2014	13/08/2013
Venue	Textiles Committee P. Balu Road, Prabhadevi Chowk Prabhadevi Mumbai-400 025	Rachana Sansad Auditorium 278, Shankar Ghanekar Marg Prabhadevi Mumbai-400 025	Rachana Sansad Auditorium 278, Shankar Ghanekar Marg Prabhadevi Mumbai-400 025
Time	11.30 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.

The Company vide postal ballot notice dated February 12, 2016 sought the consent of its members for the following items of business:

- Re-classification and Increase in Authorized Share Capital and Alteration of Memorandum of Association (Ordinary Resolution).
- Adoption of new set of Articles of Association of the Company (Special Resolution).
- Issue of 90,00,000 4% Non-Convertible Cumulative Redeemable Preference shares on Private Placement basis (Special Resolution).

All the above resolutions were passed as on April 2, 2016 i.e. the last date of receipt of the postal ballot forms for e-voting.

(d) Person who conducted the postal ballot exercise?

Mr. Hemanshu L. Kapadia (FCS: 3477), Proprietor of M/s. Hemanshu Kapadia and Associates, Practising Company Secretaries, Mumbai

(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 was 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.

8. 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 Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

(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

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

9. General Shareholder Information

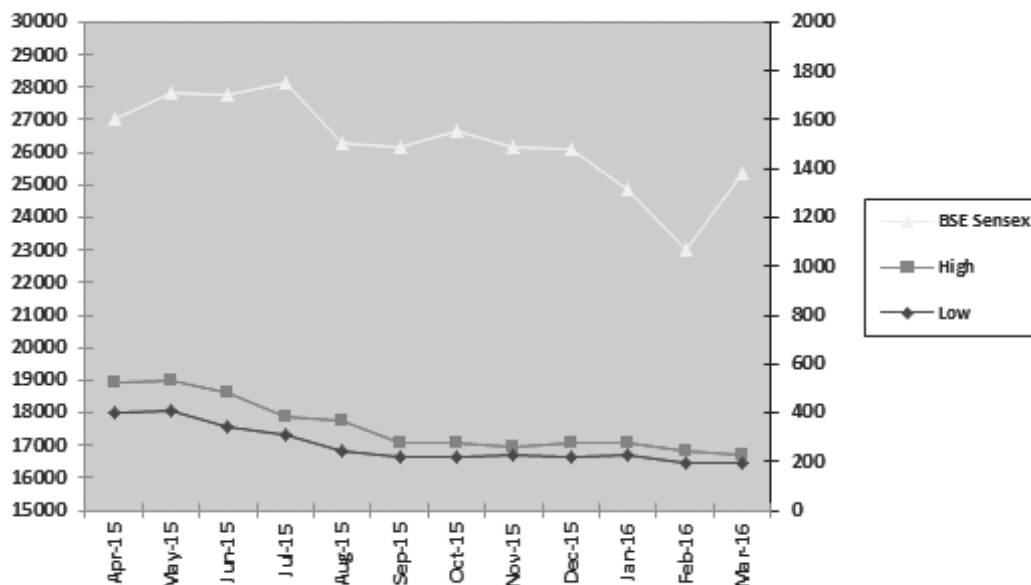
- (a) Annual General Meeting will be held on Friday, August 12, 2016 at 11.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025
- (b) Financial Year:
- | | | |
|---|---|-------------------------------|
| Annual General Meeting | : | August 12, 2016 |
| Results for quarter ending June 30, 2015 | : | Second week of August, 2016 |
| Results for quarter ending September 30, 2015 | : | Second week of November, 2016 |
| Results for quarter ending December 31, 2015 | : | Second week of February, 2017 |
| Results for the year ending March 31, 2016 | : | On or Before May 30, 2017 |
- (c) Date of Book Closure : August 06, 2016 to August 12, 2016
(both days inclusive)
- (d) Listing on Stock Exchange : Company's shares are listed on the Bombay Stock Exchange Ltd.
- (e) Stock Code : 509472
- SYMBOL : CRAVATEX
- Demat ISIN : INE145E01017
- (f) Market Price Data : High: Rs.532.00 (22/05/2015)
(during Financial Year 2015-16) Low: Rs.191.00 (19/02/2016)

High, Low and Number of Shares Traded during each month in the financial year 2015-16 on the BSE Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr 15	520	401	9,498	712	45,06,782
May 15	532	411	95,188	2,398	4,55,44,424
Jun 15	479	340	13,711	527	52,01,218
Jul 15	380.1	312	9,465	461	32,67,809
Aug 15	367.9	242.1	25,562	495	77,93,255
Sep 15	274.9	215	15,281	528	36,10,780
Oct 15	280	221.6	12,788	268	31,04,913
Nov 15	258.9	226	7,446	151	17,59,841
Dec 15	279	221	5,802	187	14,26,730
Jan 16	280	228	4,406	119	11,18,735
Feb 16	246	191	8,145	202	17,65,398
Mar 16	230	196.1	3,822	137	7,85,535

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(g) Stock Performance:



(h) Registrars & Share Transfer Agents:

w.e.f. June 20, 2016
 Sharex Dynamic (India) Private Limited
 Unit No.1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road,
 Andheri (East), Mumbai – 400 072
 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 : : sharexindia@vsnl.com

Upto June 19, 2016
 Sharepro Services (India) Private Limited

(i) 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.

(j) Distribution of Shareholding as on March 31, 2016:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Less than 500	2,250	94.54	1,99,776	7.73
501 to 1000	66	2.77	51,560	2.00
1001 to 2000	32	1.35	45,269	1.75
2001 to 3000	10	0.42	25,538	0.99
3001 to 4000	1	0.04	3,300	0.13
4001 to 5000	5	0.21	22,476	0.87
5001 to 10000	5	0.21	30,894	1.19
10001 and above	11	0.46	22,05,347	85.34
Total	2,380	100.00	25,84,160	100.00

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Shareholding Pattern as on March 31, 2016

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	19,576	0.76	18,291	0.71
NRI*	8,193	0.32	8,193	0.32
Public	6,18,271	23.92	4,50,900	17.45
Total Capital	25,84,160	100.00	24,15,504	93.48

* Total foreign shareholding in the company is 24,613 (0.95%) of which 16,420 (0.64%) is included in Indian Promoters.

(k) Dematerialisation of shares and liquidity

Of the Company's total shareholding, 24,15,504 (93.47%) shares were held in dematerialised mode by the Members of the Company of which 22,58,588 (87.40%) shares were under National Securities Depository Limited (NSDL) and balance 1,56,916 (6.07%) shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2016.

(l) 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.

(m) 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, 2016, a sum of Rs. 94,185/- to the Investor Education and Protection Fund (IEPF). Upto the financial year ended March 31, 2016 an amount of Rs.8,27,528/- has been credited to the Investor Education & Protection Fund.

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

None

(o) Plant Location

None

(p) 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

10. Other Disclosures:

(a) 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) 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. The Company does not deny access to any personnel to approach the Management on any issue.

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- (d) The Company has complied with all the mandatory requirements under the regulations.
- (e) As there is only one subsidiary there is no policy for determining material subsidiaries. The policy on dealing with related party transactions is available on the website of the Company at www.cravatex.com.

For and on behalf of the Board of Directors

Rajesh Batra
Chairman & Managing Director

Place : Mumbai

Dated : May 27, 2016

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

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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, 2016.

For Cravatex Limited,

Rajesh Batra
Chairman & Managing Director

Place : Mumbai

Dated : May 27, 2016

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 REGARDING COMPLIANCE OF
CONDITIONS OF CORPORATE GOVERNANCE**

To,

The Members of Cravatex Limited

We have examined the compliance of conditions of Corporate Governance by **Cravatex Limited** ("the Company"), for the financial year ended 31st March 2016, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the BSE Ltd. for the period 1st April 2015 to 30th November 2015 and under Schedule V (E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'] for the period 1st December 2015 to 31st March 2016.

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 above mentioned Listing Agreement and Listing Regulations, as applicable. 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 above mentioned Listing Agreement and Schedule V (E) of the Listing Regulations.

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
Membership No.: 3477

Place : Mumbai
Dated : May 27, 2016