

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 believes in good corporate governance practices. 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. 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 towards 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	5	3	60
Mr. H. K. Vakharia	Independent Director	4	3	No	None	None	0
Mr. N. R. Mahalingam	Independent Director	4	4	Yes	1	2 (chairman of 1)	2,560
Dr. S. D. Israni	Independent Director	4	4	Yes	4	2	0
Mr. Nabankur Gupta	Non-executive Director	4	3	No	7	5 (chairman of 1)	0
Mr. Rajiv Batra	Non-executive Director	4	1	No	1	None	20
Mr. N. Santhanam	Independent Director	4	3	Yes	1	1 (chairman of 1)	0
Mrs. Pheroza Jimmy Bilimoria	Independent Director	4	3	No	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 2017 - 18. These were on May 25, 2017, September 8, 2017, November 30, 2017 and February 12, 2018.

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

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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:

(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.

(c) Number of Meetings, Attendance

The Company held 4 (four) Audit Committee Meetings on May 25, 2017, September 8, 2017, November 30, 2017 and February 12, 2018. The details of attendance of the Audit Committee Members during the financial year 2017 - 18 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Mr. N. Santhanam	4	3
Mr. Nabankur Gupta	4	3
Dr. S. D. Israni	4	4
Mr. N. R. Mahalingam	4	4

4. Nomination and Remuneration Committee

(a) Terms of Reference

Broad terms of reference of the Nomination and Remuneration Committee include identification of 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 1 (one) Nomination and Remuneration Committee Meeting on September 8, 2017. The details of attendance of the Nomination & Remuneration Committee Members during the financial year 2017 - 18 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Dr. S. D. Israni	1	1
Mr. Nabankur Gupta	1	—
Mr. N. R. Mahalingam	1	1
Mr. N. Santhanam	1	1

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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 2017 - 18 are given below:

Name	Designation	Gross Remuneration (Rs.)
Mr. Rajesh Batra	Managing Director	7,79,168/-

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 2017 - 18 are given below:

Name	Sitting Fees (Rs.)
Mr. H.K. Vakharia	60,000/-
Mr. N. R. Mahalingam	80,000/-
Dr. S. D. Israni	80,000/-
Mr. Nabankur Gupta	60,000/-
Mr. Rajiv Batra	20,000/-
Mr. N. Santhanam	60,000/-
Mrs. Pheroza Jimmy Bilimoria	60,000/-

The details of sitting fees paid to the Audit Committee Members during the financial year 2017 - 18 are given below:

Name	Sitting Fees (Rs.)
Mr. N. Santhanam	30,000/-
Mr. Nabankur Gupta	30,000/-
Dr. S. D. Israni	40,000/-
Mr. N. R. Mahalingam	40,000/-

The details of sitting fees paid to the Nomination & Remuneration Committee Members during the financial year 2017 - 18 are given below:

Name	Sitting Fees (Rs.)
Dr. S. D. Israni	10,000/-
Mr. Nabankur Gupta	Nil
Mr. N. R. Mahalingam	10,000/-
Mr. N. Santhanam	10,000/-

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:

One of the important functions of the Board is to monitor and review 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.

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. Nabankur Gupta* and (3) Mr. Rajesh Batra

* appointed w.e.f. 12/02/2018

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

(c) No. of Shareholders Complaints & Not Resolved

There were no investor complaints received during the financial year 2017-18. There were no complaints pending at the end of the Financial Year ended March 31, 2018.

Independent Directors' Meeting:

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that the independent directors of the company hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. The independent directors met on February 12, 2018 without the presence of Managing Director, Non-Independent Directors and Management Team. The meeting was attended by all Independent Directors except Mr. N. Santhanam 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 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	14/08/2017	12/08/2016	14/08/2015
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.	11.30 a.m.	11.30 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:

N.A.

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

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

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9. General Shareholder Information

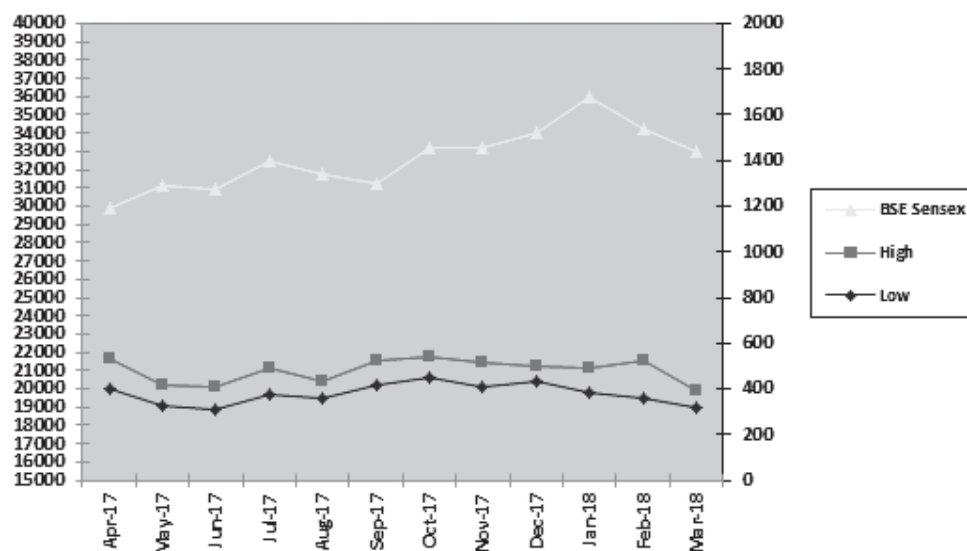
- (a) Annual General Meeting will be held on Monday, September 17, 2018 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025
- (b) Financial Year 2017 - 18:
- | | | |
|---|---|-------------------------------|
| Annual General Meeting | : | Monday, September 17, 2018 |
| Results for quarter ending June 30, 2018 | : | Second week of August, 2018 |
| Results for quarter ending September 30, 2018 | : | Second week of November, 2018 |
| Results for quarter ending December 31, 2018 | : | Second week of February, 2019 |
| Results for the year ending March 31, 2019 | : | On or Before May 30, 2019 |
- (c) Date of Book Closure
- | | |
|---|--------------------------------|
| : | Tuesday, September 11, 2018 to |
| : | Monday, September 17, 2018 |
| : | (both days inclusive) |
- (d) Listing on Stock Exchange
- | | |
|---|---|
| : | Company's shares are listed on BSE Ltd. |
|---|---|
- (e) Stock Code
- | | | |
|------------|--------|--------------|
| : | 509472 | |
| SYMBOL | : | CRAVATEX |
| Demat ISIN | : | INE145E01017 |
- (f) Market Price Data
- | | |
|----------------------------|--|
| : | High: Rs.538.25 (17/10/2017) |
| (Financial Year 2017 - 18) | Low: Rs.307.00 (07/06/2017 & 12/06/2017) |

High, Low and Number of Shares Traded during each month in the financial year 2017-18 on BSE Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr-17	529.40	396.85	45,168	962	2,12,26,998
May-17	419.50	329.65	12,221	359	45,69,682
Jun-17	410.90	307.00	9,911	303	34,85,436
Jul-17	492.00	375.00	26,472	560	1,20,09,919
Aug-17	435.75	358.05	9,991	236	38,98,041
Sep-17	525.00	420.00	22,766	421	1,12,71,200
Oct-17	538.25	450.00	7,365	223	36,51,390
Nov-17	519.50	411.35	12,517	277	57,31,061
Dec-17	500.00	430.00	5,515	204	25,61,259
Jan-18	490.00	381.30	25,196	248	1,01,41,168
Feb-18	520.00	360.00	4,730	197	18,68,104
Mar-18	396.00	315.00	19,582	200	66,44,768

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(g) Stock Performance:



(h) Registrars & Share Transfer Agents:

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

(i) Share Transfer System:

95.35% 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.

(j) Distribution of Shareholding as on March 31, 2018:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Less than 500	1,793	93.39	1,54,378	5.97
501 to 1000	63	3.28	49,815	1.93
1001 to 2000	30	1.56	41,583	1.61
2001 to 3000	11	0.57	28,773	1.11
3001 to 4000	2	0.10	6,712	0.26
4001 to 5000	4	0.21	17,983	0.70
5001 to 10000	6	0.31	49,489	1.92
10001 and above	11	0.57	22,35,427	86.50
Total	1,920	100.00	25,84,160	100.00

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Shareholding Pattern as on March 31, 2018

Equity Share Capital (Listed on BSE)

Category	No. of Shares	% To Total Equity Capital
Promoters	19,38,120	75.00
Bodies Corporate	28,218	1.09
Public	5,71,130	22.10
NRI*	6,697	0.26
IEPF	35,094	1.36
Clearing Member	4,901	0.19
Total	25,84,160	100.00

* Total foreign shareholding in the company is 23,117 (0.89%) of which 16,420 (0.63%) is included in Indian Promoters.

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

Category	No. of Shares	% To Total Preference Shares
Promoters	90,00,000	100.00
Total	90,00,000	100.00

(k) Dematerialisation of equity shares and liquidity

Of the Company's total shareholding, 24,63,856 (95.35%) equity shares were held in dematerialised mode by the Members of the Company of which 23,13,282 (89.52%) equity shares were under National Securities Depository Limited (NSDL) and balance 1,50,574 (5.83%) equity shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2018.

(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. (BSE).

(m) In terms of Section 124, 125 of the Companies Act 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has credited during the financial year ended March 31, 2018, a sum of Rs.1,29,987/- to the Investor Education and Protection Fund (IEPF). Upto the financial year ended March 31, 2018 an amount of Rs.10,52,827/- has been credited to the Investor Education & Protection Fund.

In terms of 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, the 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 November 28, 2017 and avoid the transfer of their shares to IEPF. The Company had also published a newspaper notice in business standard in english and in sakal in Marathi on November 16, 2017 to this effect. In case where no valid claim was received on or before November 28, 2017, 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

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shares held in demat mode) and transfer the shares to IEPF account. Accordingly, 35,094 Equity Shares of the Company have been transferred to the Investor Education and Protection Fund (IEPF) for the financial year 2009-10 in accordance with Section 125 of the Companies Act, 2013 read with the rules made thereunder.

- (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
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.
- (d) The Company has complied with all the mandatory requirements under the regulations.
- (e) The policy on dealing with related party transactions and material subsidiary 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 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,
Prabhadevi, Mumbai-400 025.
Tel. No.: +91 22 66667474
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, 2018.

For Cravatex Limited,

Rajesh Batra
Chairman & Managing Director

Place : Mumbai

Dated : May 25, 2018

CIN : L93010MH1951PLC008546

Registered Office:

Sahas, 4th Floor, 414/2, Veer Savarkar Marg,

Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474

E-mail: investors@cravatex.com

Website: www.cravatex.com

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 2018, 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. 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 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 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 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.

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 25, 2018