



CRAVATEX

LIMITED

ANNUAL REPORT
2019



BOARD OF DIRECTORS AND GENERAL INFORMATION

Board of Directors

Rajesh Batra	– <i>Chairman & Managing Director</i>
H. K. Vakharia	– <i>Independent Director (upto 31/03/2019)</i>
S. D. Israni	– <i>Independent Director</i>
N. R. Mahalingam	– <i>Independent Director (upto 31/03/2019)</i>
Nabankur Gupta	– <i>Non-Executive Director (upto 07/12/2018)</i>
Rajiv Batra	– <i>Non-Executive Director</i>
N. Santhanam	– <i>Independent Director</i>
Pheroza Jimmy Bilimoria	– <i>Independent Director</i>

Auditors

Messers GPS & Associates
102, Pressman House, 70-A, Nehru Road
Vile Parle (East), Mumbai-400 099.

Registrars & Share Transfer Agents

Sharex Dynamic (India) Private Limited

(Upto May 17, 2019)

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

(from May 18, 2019)

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

Bankers

HDFC Bank Limited
Axis Bank Limited

Chief Financial Officer

Divakar Kamath

Company Secretary

Sudhanshu Namdeo

Corporate Office

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

Registered Office

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

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FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)				
	2018-19	2017-18	2016-17	2015-16	2014-15
	IND AS			IGAAP	
Equity Share Capital	258.42	258.42	258.42	258.42	258.42
Reserves and Surplus	2925.77	2,727.14	2659.47	2988.10	3910.68
Net Worth	3,184.19	2,985.56	2917.89	3246.52	4169.10
Fixed Assets*	1645.88	2,259.75	2264.91	4796.73	4624.97
Depreciation*	713.91	1,234.07	1144.47	2091.61	1783.25
Net Block*	931.97	1,025.68	1120.44	2705.12	2840.72
Turnover	103.95	74.08	15697.36	18590.98	18573.20
Earning / (Loss) before Taxes	295.21	31.97	(660.20)	(901.47)	303.79
Dividend	51.68 (20%)	25.84 (10%)	— —	— —	51.68 (20%)
Earning / (Loss) Per Share	8.76	1.63	(12.20)	(35.70)	8.82

* Includes Tangible Assets, Intangibles Assets & Investment Property

NOTICE OF ANNUAL GENERAL MEETING**NOTICE**

NOTICE is hereby given that the 67th (Sixty Seventh) Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Wednesday, August 14, 2019 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt :
 - (a) the audited Financial Statements of the Company for the financial year ended March 31, 2019 including audited Balance Sheet as at March 31, 2019 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, 2019 including audited Balance Sheet as at March 31, 2019 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 declare a dividend on 4% Non Convertible Cumulative Redeemable Preference Shares for the financial year ended March 31, 2019.
3. To declare a dividend on the Equity Shares for the financial year ended March 31, 2019.
4. To appoint a Director in place of Mr. Rajiv Batra (DIN 00748729) who retires by rotation and being eligible, offers himself for re-appointment.

By Order of the Board of Directors

Sudhanshu Namdeo
Company Secretary

Place : Mumbai

Dated : May 24, 2019

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 24973210

E-mail: investors@cravatex.com

Website: www.cravatex.com

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. A member entitled to attend and vote at the meeting shall be entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder

The instrument appointing a proxy should be deposited at the registered office of the Company duly completed, stamped and signed, not less than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable. A proxy form is annexed to this Notice.

2. A statement giving the details of the Director seeking re-appointment under Item No. 4 of the accompanying Notice, as required by Regulation 36 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.
3. 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 the Equity Shares of the Company, promptly.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 8, 2019 to Wednesday, August 14, 2019 (both days inclusive) for the purpose of determining Members eligible for dividend on Equity Shares, if approved by the Members.
5. The dividend on Equity Shares, if declared at the Annual General Meeting, will be paid on or after August 14, 2019 to Members whose names appear on the record of Depositories [National Securities Depository Limited and Central Depository Services (India) Limited] on August 7, 2019 (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 7, 2019. The dividend will be paid to the Members within the stipulated time.
6. Members holding shares in demat form are requested to notify immediately any change in their registered address or bank mandate to their Depository Participant (DP) quoting their Client IDs. Members holding shares in physical form are requested to notify immediately any change in their registered address or bank mandate to the Registrars and Share Transfer Agents of the Company quoting their Folio Number.
7. Unclaimed dividends for the financial year ended March 31, 2012 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, 2012, till the year ended March 31, 2018 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 66th Annual General Meeting (AGM) held on September 17, 2018, 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.

8. 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.
9. In respect of shares held in physical form, the bank account particulars viz. name and address of the branch of the bank, MICR code of the branch, account number with blank cancelled cheque should be sent to the Registrar & Share Transfer Agents of the Company for making payment of dividend through approved electronic mode.

NOTICE OF ANNUAL GENERAL MEETING

Members holding shares in demat form are requested to provide the particulars of their bank account to their Depository Participant. The Registrar & Share Transfer Agents of the Company will not act on any such request received from the members for change in their bank account particulars. Further, instruction given by members for shares held in physical form would not be applicable to the dividend paid on shares held in demat form.

10. The Securities and Exchange Board of India (SEBI) has made it mandatory to furnish Permanent Account Number (PAN) by participants in securities market. Members are requested to submit the PAN to their Depository Participant (DP)/Registrar & Share Transfer Agents respectively.
11. Electronic copy of the annual report is being sent to the members whose email address are registered with the company/ depository participants for communication purposes unless any member has requested for a physical copy of the same. Members who have not registered their email address so far are requested to register their e-mail address with the Registrar & Share Transfer Agents of the Company for receiving all communications from the Company electronically.
12. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
 - III. 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.
 - IV. The remote e-voting period commences on Sunday, August 11, 2019 (9:00 am) and ends on Tuesday, August 13, 2019 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, August 7, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - V. 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 'Shareholders' 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.

NOTICE OF ANNUAL GENERAL MEETING

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***

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, your 'initial password' is communicated to you on your postal address.
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.
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.

NOTICE OF ANNUAL GENERAL MEETING

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.

General Guidelines for shareholders

1. Institutional shareholders (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 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 Shareholders and e-voting user manual for Shareholders 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
13. 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 of Wednesday, August 7, 2019.
 14. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, August 7, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or evoting@sharexindia.com.
 15. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 16. 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 17. 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.
 18. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
 19. 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.

NOTICE OF ANNUAL GENERAL MEETING

20. Map of the venue of the AGM is given after the notice and forms part of the notice.

By Order of the Board of Directors

Sudhanshu Namdeo
Company Secretary

Place : Mumbai

Dated : May 24, 2019

CIN : L93010MH1951PLC008546

Registered Office:

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

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

E-mail: investors@cravatex.com

Website: www.cravatex.com

Route Map to the Venue



Landmark : Near Siddhivinayak Temple

NOTICE OF ANNUAL GENERAL MEETING

ANNEXURE TO NOTICE

Details of Directors seeking 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. Rajiv Batra
Age	58 years
Qualifications	Schooling in Campion School, Mumbai and Graduated from the HR College of Commerce, Mumbai.
Experience / Expertise	Mr. Rajiv Batra founded Proline alongwith his brother in 1983. The Company was a pioneer in the field of sports and apparel and is nationally recognised and widely distributed. Mr. Batra is currently based in London, UK and looks after the overseas interests of the group. The Companies subsidiary BB UK Ltd, holds the sub license for the Fila brand in the UK as well as designs and sources apparels for various Fila licensees across the world. Mr. Batra is a keen tennis player and has represented India in various junior events.
Terms and Conditions of Appointment / Reappointment	To be appointed as a Director liable to retire by rotation
Remuneration last drawn (for the financial year 2018-19)	Rs. 20,000/- Sitting Fees
Remuneration proposed to be paid	Sitting Fees
Date of first appointment on the Board	12/08/2011
Shareholding in the Company as on March 31, 2019	20 Equity Shares of Rs.10/- each and 2,87,500 4% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each
Relationship with other Directors/Key Managerial Personnel	Brother of Mr. Rajesh Batra, Managing Director of the Company
No. of Board Meetings attended during the Financial Year 2018-19	1 out of 4
Directorships of other Boards	Proline India Ltd.
Membership/Chairmanship of Committees of other Boards	None

REPORT OF THE BOARD OF DIRECTORS

BOARD'S REPORT

To The Members of Cravatex Limited

Your Directors present the audited Financial Statements of the Company including audited Balance Sheet and the Statement of Profit and Loss together with their Report for the year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

	Current Year Rupees in Lacs	Previous Year Rupees in Lacs
Earnings before Finance Cost, Depreciation and Taxation	479.72	230.51
Less : Finance Cost	101.59	103.80
Less : Depreciation	82.92	94.75
Profit (Loss) before Exceptional Item	295.21	31.97
Exceptional Item	—	—
Profit (Loss) before Tax	295.21	31.97
Tax Expense		
Current Tax	(69.50)	—
Deferred Tax Asset / (Liability)	11.31	8.06
Excess Tax Provision for Earlier years	(10.58)	2.15
Profit (Loss) after Taxation	226.44	42.18
Other Comprehensive Income / (Loss)	(1.97)	25.49
Total Comprehensive Income / (Loss)	224.47	67.67

STATEMENT OF COMPANY AFFAIRS

The total revenue from operations of the Company for the year under review was Rs.103.95 lacs as against Rs. 74.08 lacs in previous year, while the profit before finance cost, depreciation and taxation stood at Rs.479.72 lacs as against Rs.230.51 lacs for the previous year. Profit after tax for the year was Rs.226.44 lacs as against Rs. 42.18 lacs for the previous year. The total comprehensive income for the year was Rs.224.47 lacs as against Rs. 67.67 lacs for the previous year.

DIVIDEND

The Directors are pleased to recommend dividend of Rs.0.40 (4%) per share of Rs.10/- each on 90,00,000 Non-Convertible Cumulative Redeemable Preference Shares for the financial year ended 2018-19, which would be tax-free in the hands of the Members. The total outflow on dividend account will be Rs. 43.04 lakhs (excluding Dividend Distribution Tax).

The Directors are also pleased to recommend dividend of Rs.2/- (20%) per equity share of Rs.10/- each for the financial year 2018-19, which would be tax-free in the hands of the Members. The total outflow on dividend account will be 51.68 lakhs (excluding Dividend Distribution Tax).

EQUITY SHARE CAPITAL

The total issued, subscribed and fully paid up equity share capital of the Company as on March 31, 2019 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, 2018 was Rs.9,00,00,000/- divided into 90,00,000 preference shares of Rs.10/- each.

The Board of Directors in its meeting held on February 13, 2019 redeemed 4,82,500 nos. of preference shares of Rs.10/- each aggregating to Rs.48,25,000/- 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, 2019 was Rs. 8,51,75,000/- divided into 85,17,500 preference shares of Rs. 10/- each.

TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserves.

REPORT OF THE BOARD OF DIRECTORS

FIXED DEPOSITS

The Company does not have any fixed deposits covered under Chapter V of the Companies Act, 2013 as on March 31, 2019 and accordingly, there were no unclaimed deposits as on that date.

INSURANCE

The fixed assets of the Company have been adequately insured.

DIRECTORS & KMP

Mr. Rajiv Batra (DIN 00748729) is retiring by rotation and, being eligible, offers himself for re-appointment.

Mr. Nabankur Gupta (DIN 00020125), Non-executive Director of the Company ceased to be a Director of the Company on December 7, 2018 consequent to his demise. The Board of Directors convey their appreciation for the valuable services rendered by Mr. Gupta during his association with the Company.

Mr. Rajesh Batra (DIN 00020764) was re-appointed as the Managing Director of the Company, for a period of 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 five years with effect from April 1, 2019 to March 31, 2024.

Mr. H.K. Vakharia (DIN 00020966) and Mr. N.R. Mahalingam (DIN 00035601) ceased to be the Independent Director of the Company consequent to the expiry of their term on March 31, 2019.

There are no appointment/cessation of the Key Managerial Persons (KMP) during the financial year ended March 31, 2019.

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

(I) CRAVATEX BRANDS LTD (CBL)

As stated elsewhere, the domestic 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. Increase in customs duty on footwear as well as a sharp depreciation of the Indian rupee versus the US dollar had an adverse impact on the profitability of the Sports goods business. The regulatory notification on e commerce in February of 2019 modified the rules thereby changing structurally how large e commerce players are permitted to operate in the country.

As regards the wellness business it is a niche business for branded players like CBL. One of the major customer segments for fitness equipment, the real estate sector, has had a slow down due to a financial crunch as well as the implementation of RERA. The organised pan India gym operators have also slowed down their expansion plans due to severe competition from strong local and regional players.

During the year 2018-19, the domestic economy in general and the consumer goods industry in particular indicated recovery from the temporary setback brought in by demonetisation and GST implementation glitches. As a result, despite few negative factors stated above, CBL could register considerable improvement over its financial performance over the previous year. The company has vastly improved its market presence in the branded business, and the product visibility has expanded to many more points of sale. The retail revamp and thrust initiated in the year has yielded positive results as well. The key management team has been strengthened by augmenting well qualified professional COO, CFO and CMO during the year.

REPORT OF THE BOARD OF DIRECTORS

For the year ended on 31st March 2019, CBL recorded a total revenue of Rs. 150.03 Cr indicating a growth of 31% over previous year. It recorded a loss before finance cost, depreciation and tax at Rs. 3.09 Cr vis-à-vis a loss of Rs. 13.94 Cr. in the previous year. Slow down in wellness business, increase in customs duty and adverse exchange rates (which were offset with a time lag) had an impact on the profitability.

With improved consumer sentiments and stable government expected to be in place by June 2019 leading to a favourable business environment, CBL's performance is expected to be better in the ensuing year.

(II) BB (UK) Limited (BBUK)

The principal activity of the company has been designing, sourcing and marketing of branded apparel and footwear as a licensee for the Fila brand in the UK and the Middle East. The company operates from UK catering to customers in UK, Ireland, Middle East etc. The operating performance of BBUK has once again been extra ordinary, given that it operates in a mature market which is highly competitive. The company was reported as the 3rd fastest growing company in UK owned by an Indian parent in the CII-Grant Thornton report of 2019. It is a huge achievement by the operating management of the UK subsidiary. Financially as well the subsidiary has delivered excellent results.

During the FY 2018-19, the turnover achieved in INR terms at Rs 567.33 Cr and profit before tax at Rs 27.82 Cr has registered a growth of 134% and 178 % respectively over the previous year. With a view to improving the performance of licensed brands and maintain market edge the company has put in place a perpetual improvement process. The company's performance is expected to show further growth in the ensuing year.

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

The financial statement of the subsidiaries for the financial year ended March 31, 2019 will be kept open for inspection for the Members at the Registered Office of the Company during the Company's business hours on any working day 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

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Regulation 4(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been complied with. A separate report on Corporate Governance is being 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 an 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

The extract of annual return referred to in Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 read with rules made thereunder is 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 this 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, a structured questionnaire was prepared after taking into consideration the various aspects of the Board functioning, composition and the Board and its committee, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance of the Chairman and Non-Independent Directors were carried out by the Independent Directors. The Board of Directors express their satisfaction with the evaluation process.

NUMBER OF BOARD MEETINGS

The Company held 4 (four) Board Meetings during the Financial Year 2018-19. These were on May 25, 2018, August 14, 2018, November 12, 2018 and February 13, 2019.

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.

WHISTLE BLOWER POLICY

The Company has a whistle blower policy for reporting genuine concerns or grievances. The whistle blower policy has been posted on the website of the Company.

REPORT OF THE BOARD OF DIRECTORS

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 broad details 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.

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 2018-19. 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 2018-19 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.

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.

REPORT OF THE BOARD OF DIRECTORS

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.

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 2018-19. 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 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.

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 mentioned in the Secretarial Auditors Report that the Company has not made disclosures as specified in Schedule V(C) Point 2(g), Point 5(b), 5(c) and Point 9(c) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 in the Corporate Governance Report in Annual Report of the Company for the financial year 2017-18. The observations of the Secretarial Auditors have been noted and the details have been incorporated in the annual report for the financial year ended 2018-19.

The Secretarial Auditors have further pointed out that there was delay in issue of share certificates in few cases pertaining to transfer, transmission, name deletion and transposition. Further, there were two requests for dematerialization of shares which were processed after 21 days. As explained by the Registrar and Share Transfer Agents of the Company, there has been delay in the last quarter while processing physical transfer of shares due to surge in volume on account of various SEBI circulars with regards to fixing the deadline for transfer, financial year 2018-19. This delays are across the RTA industries which is already reported to SEBI by the RTA Association (RAIN).

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.

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

REPORT OF THE BOARD OF DIRECTORS

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 2018-19, there were no cases filed under 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 August 31, 2018 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 August 31, 2018 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, 3,150 Equity Shares of the Company have been transferred to the Investor Education and Protection Fund (IEPF) during the financial year 2018-19 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

Place : Mumbai

Dated : May 24, 2019

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 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 Company has been making optimum use of electrical energy by regular maintenance. Regular watch has been kept to prevent wastage of energy.

(b) Impact on conservation of energy:

Negligible.

(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 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:

	2018-19 Rupees in Lacs	2017-18 Rupees in Lacs
Earnings: Dividend Income from BB (UK) Limited	275.52	68.48
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	2.36 : 1

NOTE :

- a) For calculation of median remuneration, the employee count taken is 7 inclusive of employees who have partly served in financial year 2018-19.
- b) Apart from Mr. Rajesh Batra, Managing Director no other Director is entitled for remuneration and are being 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	212.00%
ii.	Divakar Kamath	President — Corporate Affairs & CFO	(7.00)%
iii.	Sudhanshu Namdeo	Company Secretary	9.00%

3. The percentage increase/(decrease) in the median remuneration of employees in the financial year: 25.14%
4. The number of permanent employees on the rolls of company as on 31.03.19: 7
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	(30.35)%
Remuneration paid to managerial personnel	31.59%

For calculation of average percentile increase, the last financial year employee count was 12 and current financial year employee count was 7.

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 2019
[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 of Cravatex Limited

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

We 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 our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 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:

We 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 2019, 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;

REPORT OF THE BOARD OF DIRECTORS

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.

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

1. *The Company has not made disclosures as specified in Schedule V(C) Point 2(g), Point 5(b), 5(c) and Point 9(c) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 in the Corporate Governance Report in Annual Report of the Company for the financial year 2017-18.*
2. *There was delay in issue of share certificates in few cases pertaining to transfer, transmission, name deletion and transposition. Further, there were two (2) requests for dematerialization of shares which were processed after 21 days.*

However as explained by RTA, there has been delay in the last quarter while processing physical transfer of shares due to surge in volume on account of various SEBI circulars with regards to fixing the deadline for transfer, financial year 2018-19. This delays are across the RTA industries which is already reported to SEBI by the RTA Association (RAIN).

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

Place : Mumbai

Dated : May 24, 2019

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 of Cravatex Limited**

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

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

Place : Mumbai
Dated : May 24, 2019

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, 2019.

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) 90.48
4. Share Capital	3,271.10	41.85
5. Reserves & Surplus	(3,916.50)	3,225.33
6. Total Assets	14,877.16	14,274.44
7. Total Liabilities	15,522.68	11,007.27
8. Investments	NIL	NIL
9. Turnover	14,944.64	56,733.02
10. Profit/(Loss) before Taxation	(1,112.99)	2,781.54
11. Provision for Taxation	NIL	553.45
12. Profit/(Loss) after Taxation	(1,112.99)	2,228.09
13. Proposed Dividend	NIL	275.52
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

Place : Mumbai

Dated : May 24, 2019

CIN : L93010MH1951PLC008546

Registered Office:

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

Prabhadevi, Mumbai-400 025.

Tel. No.: +91 22 66667474, Fax : +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 core area of operations has been sports goods and fitness equipment.

CL has two subsidiaries viz. BB (UK) London (BBUK) and Cravatex Brands Ltd Mumbai (CBL). The principal activity of these subsidiaries is dealing in consumer brands, Sports Goods and Fitness Equipment business. The CBL mainly operates in India whereas the BBUK operates out of London, catering to customers in UK, Ireland, Europe, Middle East, USA etc.

The domestic 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. In the past year the segment has seen increase in customs duty on footwear as well as a sharp depreciation of the Indian rupee versus the US dollar. The e-commerce policy was also altered in February of 2019 thereby changing structurally how large e-commerce players are permitted to operate in the country.

The fitness business is a niche business for branded players. Out of the several segments that are customers for the equipment, the real estate sector has had a slow down due to a financial crunch as well as the implementation of RERA. The organised pan India gym operators have also slowed down their expansion plans due to severe competition from strong local and regional players.

Having provided substantial support of financial and management skill, the CL and its subsidiaries are expected to show sustainable growth in years to come.

(b) Opportunity and Threats

The company would explore any new opportunity in the line of business where it has expertise. Opportunities are seen in mid level popular brands in Sports and fitness business, which may be examined as and when there are concrete proposals. 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 unchanged as last year without drastic change.

(d) Risks and concerns

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

(e) Internal control system and their adequacy

The management strongly believes in adherence to 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

The stand alone results of the company have substantially improved over the previous years. The company has traded in some sports goods and textiles. The company also continues to generate income from its real estate assets. Apart from maintenance of the leased premises, there is no material other operating business in the company. Major expenses are on account of the regulatory/compliance related administrative cost. Detailed financials of the company are reported in the Annual report.

(g) Material developments in Human Resources/Industrial Relations front, including number of people employed

There is no material development impacting the company in Human Resources/Industrial Relations front. The overall industrial relations had been satisfactory. The company has 7 of employees on its rolls as at 31st March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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	2018-19	2017-18
1 Debtors Turnover Ratio (times)	4.50	1.76
2 Inventory T/O Ratio (times)	8.23	2.82
3 Interest Coverage Ratio	13.65	1.32
4 Debt to Equity Ratio	0.04	0.14
5 Operating Profit Margin	-0.01%	-42.00%
6 Net Profit Margin	29.05%	11.71%
7 Return on net Worth	7.38%	2.27%

Reasons for change in ratios as on 31st March 2019 vis a vis the previous year

Improved collection leading to closing debtors at Rs. 23 lacs as on March 31, 2019 vis a vis Rs 42 lacs in previous year on higher revenue from operations at Rs 104 lacs during FY 2018-19 vis a vis Rs 74 lacs in previous year has resulted in improved ratio.

Lower inventory of Rs 4 lacs as on March 31, 2019 vis a vis Rs 37 lacs in previous year, on account of goods sold at the year end has resulted in higher inventory turnover ratio

Interest coverage ratio has improved due to higher profits on account of dividend received from UK subsidiary in FY 2018-19 and lower interest outgo on borrowings which are being repaid.

Lower borrowings on account of repayments and plough back of profit has improved the debt equity ratio.

Increase in gross profit margin on revenue from operations in current year vis a vis previous year has resulted in improved operating profit margin in FY 2018-19.

The dividend received from UK subsidiary has increased the net profit to Rs 236 lacs as on March 31, 2019 vis a vis Rs 68 lacs in previous year. This has led to the improved net profit margin.

Increase in profits due to dividend received from UK subsidiary has improved the return on net worth

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 Equity Shares
		Held	Attended				
Mr. Rajesh Batra (Chairman)	Managing Director	4	4	Yes	5 (chairman of 2)	3	60
Mr. H. K. Vakharia ¹	Independent Director	4	4	Yes	None	None	0
Mr. N. R. Mahalingam ¹	Independent Director	4	4	No	1	2 (chairman of 1)	2,560
Dr. S. D. Israni	Independent Director	4	4	Yes	3	2	0
Mr. Nabankur Gupta ²	Non-executive Director	3	2	No	7	7 (chairman of 2)	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	2	Yes	None	None	0

¹ Ceased to be the Independent Directors consequent to end of their term on March 31, 2019.

² Ceased to be a Director consequent to his demise on December 7, 2018.

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.

@ includes audit committee & stakeholders relationship 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.

REPORT ON CORPORATE GOVERNANCE

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

Name of the Director Directorship	Name of the Listed Entity	Category of
Mr. Rajesh Batra	National Peroxide Limited The Bombay Burmah Trading Corporation Limited	Independent Director Independent Director
Mr. H.K. Vakharia ¹	N.A.	N.A.
Mr. N.R. Mahalingam ¹	N.A.	N.A.
Dr. S.D. Israni	Modern India Limited Advani Hotels and Resorts (India) Limited	Independent Director Independent Director
Mr. Nabankur Gupta ²	Raymond Limited Pritish Nandy Communications Limited Magma Fincorp Limited VIP Industries Limited Videocon d2h Limited	Director Director Director Director Director
Mr. Rajiv Batra	N.A.	N.A.
Mr. N. Santhanam	N.A.	N.A.
Ms. Pheroza Jimmy Bilimoria	N.A.	N.A.

¹ Ceased to be the Independent Directors consequent to end of their term on March 31, 2019.

² Ceased to be a Director consequent to his demise on December 7, 2018.

The Company held 4 (four) Board Meetings during the Financial Year 2018 - 19. These were on May 25, 2018, August 14, 2018, November 12, 2018 and February 13, 2019.

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 as follows:

- ✓ 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 fulfill the conditions specified in the SEBI (LODR) Regulations, 2015 and are independent of the management of the Company.

None of the Independent Directors have resigned before the expiry of their tenure. Mr. H.K. Vakharia and Mr. N.R. Mahalingam ceased to be the Independent Directors of the Company consequent to the expiry of their term on March 31, 2019.

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.

REPORT ON CORPORATE GOVERNANCE

(b) Composition

The Audit Committee consists of the following Non-executive Directors during the financial year 2018 - 19:

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

Mr. Nabankur Gupta ceased to be a member of the Audit Committee consequent to his demise on December 7, 2018.

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, 2018, August 14, 2018, November 12, 2018 and February 13, 2019. The details of attendance of the Audit Committee Members during the financial year 2018 - 19 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Mr. N. Santhanam	4	3
Mr. Nabankur Gupta*	3	2
Dr. S. D. Israni	4	4
Mr. N. R. Mahalingam	4	4

* ceased to be a member of committee consequent to his demise on December 7, 2018.

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 during the financial year 2018 - 19:

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

Mr. Nabankur Gupta ceased to be a member of the Nomination and Remuneration Committee consequent to his demise on December 7, 2018.

(c) Number of Meetings and Attendance

The Company held 2 (two) Nomination and Remuneration Committee Meeting on August 14, 2018 and February 13, 2019. The details of attendance of the Nomination & Remuneration Committee Members during the financial year 2018 - 19 are given below:

Name	No. of Meetings Held	No. of Meetings Attended
Dr. S. D. Israni	2	2
Mr. Nabankur Gupta*	1	1
Mr. N. R. Mahalingam	2	2
Mr. N. Santhanam	2	2

* ceased to be a member of committee consequent to his demise on December 7, 2018.

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

REPORT ON CORPORATE GOVERNANCE

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. 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 2018 - 19 are given below:

Name	Sitting Fees (Rs.)
Mr. H.K. Vakharia	80,000/-
Mr. N. R. Mahalingam	80,000/-
Dr. S. D. Israni	80,000/-
Mr. Nabankur Gupta	40,000/-
Mr. Rajiv Batra	20,000/-
Mr. N. Santhanam	60,000/-
Mrs. Pheroza Jimmy Bilimoria	40,000/-

The details of sitting fees paid to the Audit Committee Members during the financial year 2018 - 19 are given below:

Name	Sitting Fees (Rs.)
Mr. N. Santhanam	30,000/-
Mr. Nabankur Gupta	20,000/-
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 2018 - 19 are given below:

Name	Sitting Fees (Rs.)
Dr. S. D. Israni	20,000/-
Mr. Nabankur Gupta	10,000/-
Mr. N. R. Mahalingam	20,000/-
Mr. N. Santhanam	20,000/-

REPORT ON CORPORATE GOVERNANCE

The Members of the Stakeholders Grievance Committee are not entitled to remuneration for the financial year 2018-19 and accordingly, no remuneration has been paid to any of its Committee Members.

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.

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 2018 - 19 are given below:

(Amount in Rs.)

Basic	HRA	Conveyance	Special Allowance	Medical	LTA	Bonus	Total
20,74,800	1,40,040	19,200	50,410	15,000	84,000	5,600	23,89,050

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, 2019:

Directors	Period	Service Contract	Notice Period & Severance Fees
Managing Director	3 years w.e.f June 1, 2016 to May 31, 2019	Yes	Six months' notice or six months' salary, in lieu thereof
Non-Executive, Director	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	Not Applicable
Non-Executive, Independent Director	The Non-Executive Independent Directors are appointed for a term of 5 years.	No	Not Applicable

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. and to monitor transfers, transmission, splitting, consolidation, dematerialisation, rematerialisation of securities issued by the Company and issue of duplicate share certificates.

(b) Composition

The Stakeholders Relationship Committee consists of the following Directors for the financial year 2018-19:

- (1) Mr. N.R. Mahalingam - Independent Non-executive Director (Chairman)
- (2) Mr. Nabankur Gupta* - Non-executive Director and
- (3) Mr. Rajesh Batra - Managing Director

* ceased to be a member of committee consequent to his demise on December 7, 2018.

(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 2 investor complaint received during the financial year 2018 - 19. There were no unresolved complaints and no complaints were pending at the end of the Financial Year ended March 31, 2019.

REPORT ON CORPORATE GOVERNANCE

Corporate and Social Responsibility Committee

(a) Terms of Reference

Broad terms of reference of the CSR Committee include to support the underprivileged sections of the 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.

(b) Composition

The Corporate and Social Responsibility consists of the following Non-executive Directors during the financial year 2018 - 19:

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

Mr. Nabankur Gupta ceased to be a member of the Corporate and Social Responsibility Committee consequent to his demise on December 7, 2018.

(c) Number of Meetings and Attendance

No Corporate and Social Responsibility Committee Meetings was held during the financial year 2018 - 19 as there was no average net profit made during the three immediately preceding financial years.

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 13, 2019 without the presence of Managing Director, Non- Independent Directors and Management Team. The meeting was attended by all Independent Directors except Mrs. Pheroza Jimmy Billimoria 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.

7. General Body Meetings

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

	I (AGM)	II (AGM)	III (AGM)
Date	17/09/2018	08/09/2017	12/08/2016
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.	11.30 a.m.

REPORT ON CORPORATE GOVERNANCE

- (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 passed on March 24, 2019 (the last date of receipt of the postal ballot forms or e-voting) sought the consent of its members for the following items of business:

- The re-appointment of Mr. Rajesh Batra (DIN:00020764) as the Managing Director of the Company, for a period of three years with effect from June 1, 2019 to May 31, 2022 and payment of remuneration (Ordinary Resolution).
- The re-appointment of Mr. N. Santhanam (DIN:00027724) as an Independent Director of the Company for second term of five consecutive years with effect from April 1, 2019 to March 31, 2024 (Special Resolution).
- The re-appointment of Dr. S.D. Israni (DIN:00125532) as an Independent Director of the Company for second term of five consecutive years with effect from April 1, 2019 to March 31, 2024 (Special Resolution).

All the above resolutions were passed by requisite majority. The details of voting pattern are as follows:

Resolution	No. of Shares	No. of Votes Polled	% of Votes Polled	No. of Votes in Favour	No. of Votes Against	% of Votes in Favour	% of Votes Against
(i)	25,84,160	21,41,579	82.87	20,82,535	59,044	97.24	2.76
(ii)	25,84,160	21,41,359	82.86	20,82,312	59,047	97.24	2.76
(iii)	25,84,160	21,41,579	82.87	20,82,532	59,047	97.24	2.76

- (d) Person who conducted the postal ballot exercise ?

Mr. Hemanshu L. Kapadia (FCS: 3477 and CP 2285), Proprietor of M/s. Hemanshu Kapadia and Associates, Practising Company Secretaries, Mumbai conducted the postal ballot passed on March 24, 2019.

- (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.crvatex.com

- (d) Whether website also displays official news releases: No

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

REPORT ON CORPORATE GOVERNANCE

9. General Shareholder Information

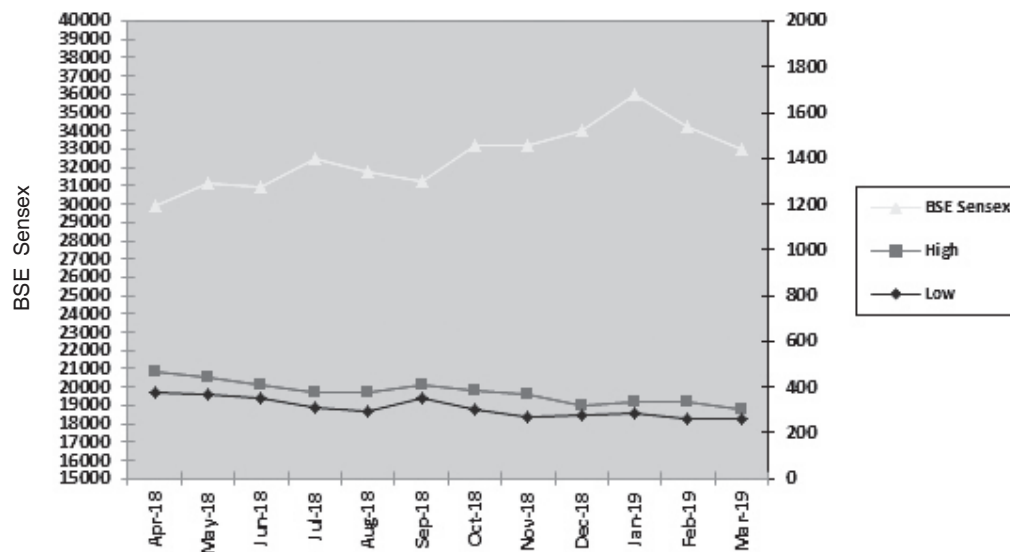
- (a) Annual General Meeting will be held on Wednesday, August 14, 2019 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025
- (b) Financial Year : April 1 to March 31
 Annual General Meeting : Wednesday, August 14, 2019
 Results for quarter ending June 30, 2019 : Second week of August, 2019
 Results for quarter ending September 30, 2019 : Second week of November, 2019
 Results for quarter ending December 31, 2019 : Second week of February, 2020
 Results for the year ending March 31, 2020 : On or Before May 30, 2020
- (c) Dividend Payment Date : On or after August 14, 2019
- (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 18/04/2019
- (e) Stock Code : 509472
 SYMBOL : CRAVATEX
 Demat ISIN : INE145E01017
- (f) Market Price Data : High: Rs.469.90 (06/04/2018)
 (Financial Year 2018 – 19) Low: Rs.261.00 (15/02/2019)

High, Low and Number of Shares Traded during each month in the financial year 2018-19 on BSE Limited:

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr-18	469.90	378.95	4,640	282	19,88,804
May-18	444.00	368.50	5,242	161	21,67,268
Jun-18	410.00	350.00	4,827	151	18,51,716
Jul-18	380.00	310.10	3,375	148	11,51,175
Aug-18	379.00	295.10	14,630	444	47,48,144
Sep-18	411.25	351.90	8,859	224	34,33,564
Oct-18	389.00	302.00	3,224	77	11,20,931
Nov-18	370.00	270.00	6,504	108	21,86,874
Dec-18	321.90	275.30	11,078	96	33,11,288
Jan-19	335.45	283.40	4,902	123	15,11,978
Feb-19	333.90	261.00	6,054	108	17,02,264
Mar-19	305.95	261.75	1,887	81	5,30,694

REPORT ON CORPORATE GOVERNANCE

(g) Stock Performance in Comparison to BSE Sensex:



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

(i) Registrars & Share Transfer Agents:

Sharex Dynamic (India) Private Limited

(Upto May 17, 2019)

Unit No. 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai – 400 072

(From May 18, 2019)

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

(j) Share Transfer System:

95.77% 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.

REPORT ON CORPORATE GOVERNANCE

(k) Distribution of Shareholding as on March 31, 2019:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Less than 100	1,366	73.56	65,117	2.52
101 to 200	202	10.88	32,067	1.24
201 to 500	155	8.35	50,260	1.95
501 to 1000	64	3.45	50,699	1.96
1001 to 5000	53	2.85	1,02,130	3.95
5001 to 10000	6	0.32	42,800	1.66
10001 to 100000	10	0.54	3,19,517	12.36
10001 and above	1	0.05	19,21,570	74.36
Total	1,857	100.00	25,84,160	100.00

Shareholding Pattern as on March 31, 2019

Equity Share Capital (Listed on BSE)

Category	No. of Shares	% To Equity Paid-up Capital
Promoters	19,38,120	75.00
Bodies Corporate	20,898	0.81
Public	5,61,786	21.74
NRI	6,828	0.26
HUF	16,566	0.64
IEPF	38,244	1.48
Clearing Member	1,718	0.07
Total Equity Capital	25,84,160	100.00

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

Category	No. of Shares	% To Preference Paid-up Capital
Promoters	85,17,500	100.00
Total Preference Capital	85,17,500	100.00

(l) Dematerialisation of equity shares and liquidity

Of the Company's total shareholding, 24,74,944 (95.77%) equity shares were held in dematerialised mode by the Members of the Company of which 23,24,753 (89.96%) equity shares were under National Securities Depository Limited (NSDL) and balance 1,50,191 (5.81%) equity shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2019.

(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

REPORT ON CORPORATE GOVERNANCE

(p) Address for Correspondence

Registered Office:

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

Corporate Office:

Unit No.201, 2nd Floor
Matulya Centre, Senapati Bapat Marg
Lower Parel (West)
Mumbai - 400 013

- (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) 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 audit committee on any issue.
- (d) The Company has complied with all the mandatory requirements under the SEBI (Listing obligations and Disclosure Requirements) Regulation 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.
- (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) Regulation 2015: None.
- (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	Rs.5.00 Lacs
2.	Cravatex Brands Limited	Subsidiary	B S R & Co. LLP	Rs.16.00 Lacs
3.	BB (UK) Limited	Foreign Subsidiary	SRV Delson	£ 22,000

11. Non-compliance of any requirement of corporate governance report of Schedule V, para C, sub-para (2) to (10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 : None

12. Extent to which discretionary requirements as specified in Part E of Schedule II have been adopted : None

REPORT ON CORPORATE GOVERNANCE

13. The company has complied with corporate governance requirements specified in regulation 17 to 27 and clause b to l of sub-regulation (2) 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
14. 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.
15. Demat Suspense Account / Unclaimed Suspense Account : None

For and on behalf of the Board of Directors

Rajesh Batra
Chairman & Managing Director

Place : Mumbai
Dated : May 24, 2019

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 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, 2019.

For Cravatex Limited,

Rajesh Batra
Chairman & Managing Director

Place : Mumbai

Dated : May 24, 2019

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 24973210

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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**, for the year ended on March 31, 2019, 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 *except disclosures as specified in Schedule V para C Point 2(g), Point 5(b), 5(c) and Point 9(c) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 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 24, 2019

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, 2019, 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, 2019, 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, 2019, some of the fixed assets were written off.</p>	<p>Principal Audit Procedures</p> <p>We have evaluated the written off fixed assets based on external valuer's certificate & 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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

Place : Mumbai
 Dated : May 24, 2019

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, 2019 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, 2019, 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

Place : Mumbai
Dated : May 24, 2019

AUDITORS' REPORT

Annexure "A" 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, 2018 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.

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

Place : Mumbai
Dated : May 24, 2019

BALANCE SHEET

BALANCE SHEET AS AT 31 MARCH, 2019

Particulars	Note No.	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
(A) ASSETS			
(1) Non-Current assets			
(a) Property, Plant and Equipment	3(a)	160.96	220.74
(b) Investment Property	3(b)	672.70	689.00
(c) Other Intangible Assets	3(c)	98.31	115.94
(d) Financial Assets			
(i) Investments	4	3,312.85	3,312.85
(ii) Loans	5	8.16	11.66
(e) Other Non-Current Assets	6	13.50	13.50
Total Non - Current Assets		4,266.48	4,363.69
(2) Current assets			
(a) Inventories	7	4.04	37.30
(b) Financial Assets			
(i) Investments	8	100.77	—
(ii) Trade receivables	9	23.10	42.00
(iii) Cash and cash equivalents	10	83.39	122.67
(iv) Bank Balances other than Cash and Cash Equivalents	11	7.56	8.49
(v) Others	12	35.00	35.00
(c) Current Tax Assets (Net)	13	67.40	148.28
(d) Other current assets	14	16.80	19.86
Total Current Assets		388.06	413.60
TOTAL ASSETS		4,604.54	4,777.29
(B) EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share capital	15	258.42	258.42
(b) Other Equity	16	2,925.77	2,727.14
Total Equity		3,184.19	2,985.56
(2) LIABILITIES			
(I) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	491.20	672.51
(ii) Others	18	27.84	186.96
(b) Deferred tax liabilities (Net)	19	106.42	126.43
(c) Other Non-Current Liabilities	20	338.28	368.06
(d) Provisions	21	3.08	—
Total Non Current Liabilities		966.82	1,353.96
(II) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	119.60	285.80
(ii) Trade payables		15.31	35.85
a. Due to Micro and small enterprises			
b. Due to creditors other than micro and small enterprises	23		
(iii) Others	24	291.52	71.88
(b) Other Current Liabilities	25	25.82	44.24
(c) Provisions	26	1.28	—
Total Current Liabilities		453.53	437.77
TOTAL EQUITY AND LIABILITIES		4,604.54	4,777.29
Corporate Information	1		
Significant accounting policies	2		
Notes Forming Part of the Financial Statements	33-47		

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 : May 24, 2019

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

President Corporate

Affairs & CFO

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, 2019

Particulars	Note No.	2018-2019 Rupees	2017-2018 Rupees
INCOME			
Revenue from operations	27	103.95	74.08
Other Income	28	707.70	503.66
TOTAL INCOME		811.65	577.74
EXPENSES			
Purchase of Stock-in-Trade		70.70	40.66
Change in Inventories of Stock in Trade	29	33.26	64.51
Employee benefits expense	30	99.97	109.63
Finance costs	31	101.59	103.80
Depreciation expenses	3 (a)/(b)/(c)	82.92	94.74
Other expenses	32	128.00	132.43
TOTAL EXPENSES		516.44	545.77
Profit / (Loss) before exceptional items		295.21	31.97
Exceptional items		—	—
Profit / (Loss) before tax		295.21	31.97
Tax expense :			
Current Tax		(69.50)	—
Deferred tax		11.31	8.06
Excess Tax Provision for Earlier years		(10.58)	2.15
Profit / (Loss) for the period		226.44	42.18
Other Comprehensive Income/(loss) for the period :			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(1.97)	25.49
Total Other Comprehensive Income/(loss) for the period		(1.97)	25.49
Total Comprehensive Income/(loss) for the period		224.47	67.67
Basic and Diluted Earnings per Equity share (In Rs)	44	8.76	1.63
Corporate Information	1		
Significant accounting policies	2		
Notes Forming Part of the Financial Statements	33-47		

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 : May 24, 2019

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

President Corporate

Affairs & CFO

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, 2019

(A) EQUITY SHARE CAPITAL

Particulars	31 March 2019		31 March 2018	
	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 2017	—	2,638.87	18.92	—	1.68	2,659.47
Profit for the year	42.18	—	—	—	—	42.18
Other comprehensive income for the year	25.49	—	—	—	—	25.49
(b) Total comprehensive income for the year	67.67	—	—	—	—	67.67
(c) Balance at 31 March 2018 (a)+(b)	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)
(d) Total comprehensive income for the year	224.47	(74.09)	—	48.25	—	198.63
(e) Balance at 31 March 2019 (c)+(d)	292.14	2,564.79	18.92	48.25	1.68	2,925.77

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 : May 24, 2019

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

President Corporate

Affairs & CFO

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, 2019

	For the year ended 31st March 2019 Rupees in Lacs	For the year ended 31st March 2018 Rupees in Lacs
A Cash flow from operating activities		
Net profit/(loss) before tax	295.21	31.97
Adjustments for:		
Depreciation	82.92	94.74
Interest income	(6.18)	(9.49)
Rent Income	(312.85)	(327.48)
Gain on Investments	(0.03)	(0.06)
Loss on debts measured at fair value	73.94	47.87
Fixed assets written off	11.08	—
Dividend Income	(276.60)	(68.48)
Investment measured at fair value	(0.18)	—
Finance Cost	27.65	103.79
Operating profit before working capital changes	(105.03)	(127.14)
Adjustments for:		
(Increase)/Decrease in Trade Receivables	18.90	60.48
(Increase)/Decrease in Inventories	33.26	64.51
(Increase)/Decrease in Loans & Advances	3.50	(3.16)
(Increase)/Decrease in Other Assets	3.06	53.29
Increase/(Decrease) in Trade Payable	(20.54)	27.96
Increase/(Decrease) in Other Liabilities	(48.20)	(341.62)
Increase/(Decrease) in Provisions	2.39	(28.71)
Cash generated from operations	(112.67)	(294.39)
Direct taxes Refund/(paid)	(7.90)	(6.40)
Net cash from operating activities	(120.57)	(300.79)
B Cash flow from investing activities		
Additions to Fixed assets	(0.59)	(0.25)
Loss on sale of assets	0.03	0.23
Purchase of Investments	(100.77)	—
Sale of Fixed assets	0.25	0.27
Gain on Investments	0.20	0.06
Other Bank Balances	0.93	2.26
Dividend Income	276.60	68.48
Rent Income	312.85	327.48
Interest received	6.18	9.49
Net cash from / (used in) investing activities	495.69	408.02
C Cash flow from financing activities		
Proceeds from Long-term Borrowings	(414.36)	131.91
Repayment of Short-term Borrowings	53.44	(189.29)
Interest Paid	(27.65)	(103.79)
Dividend Paid	(25.84)	—
Net cash from / (used in) financing activities	(414.41)	(161.17)
D Net cash flows during the year (A+B+C)	(39.29)	(53.95)
Cash and cash equivalents (opening balance)	122.67	176.62
Cash and cash equivalents (closing balance) (Refer Note-10)	83.39	122.67

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 : May 24, 2019

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

President Corporate

Affairs & CFO

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 2019

(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 2017	175.82	90.63	383.37	17.88	88.51	212.36	72.92	1,041.48
Additions	—	—	—	—	—	0.25	—	0.25
Deletions/ discarded/ adjustments	—	—	—	5.42	—	—	—	5.42
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
Accumulated depreciation								
Balance as at 31 March 2017	155.04	46.56	255.67	12.30	47.76	198.14	44.55	760.02
Charge for the year	6.98	5.61	19.19	1.04	7.13	6.16	14.60	60.71
Deletions/Adjustments	—	—	—	5.15	—	—	—	5.15
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
Net carrying amount								
As at 31 March 2018	13.80	38.46	108.50	4.27	33.62	8.32	13.77	220.74
As at 31 March 2019	6.82	32.77	83.31	3.23	26.28	2.29	6.25	160.96

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 2019

Description	(Rs. in Lacs)	
	Building	Total
Gross carrying value (at deemed cost)		
Balance as at 31 March 2017	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	—	—
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
Accumulated depreciation		
Balance as at 31 March 2017	331.41	331.41
Charge for the year	16.30	16.30
Deletions/Adjustments	—	—
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
Net carrying amount		
As at 31 March 2018 (Fair Market Value Rs.6,159.59 Lacs)	689.00	689.00
As at 31 March 2019 (Fair Market Value Rs.6,159.59 Lacs)	672.70	672.70

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, 2019	As at March 31, 2018
Rent Income	312.85	327.48
Less: Depreciation	(82.92)	(94.74)
Less: Society charges & others	(37.65)	(11.18)
Profit	192.28	221.56

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 2019

Description	(Rs. in Lacs)	
	Software	Total
Gross carrying value (at deemed cost)		
Balance as at 31 March 2017	186.72	186.72
Additions	—	—
Deletions / discarded / adjustments	—	—
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
Accumulated depreciation		
Balance as at 31 March 2017	53.04	53.04
Charge for the year	17.74	17.74
Deletions/Adjustments	—	—
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
Net carrying amount		
As at 31 March 2018	115.94	115.94
As at 31 March 2019	98.31	98.31

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 4 — NON CURRENT INVESTMENTS		
(a) In Equity instruments Of Subsidiary Companies (At Cost)		
Unquoted		
50,000 (2018- 50,000) ordinary shares of £ 1 each of BB (UK) Ltd	41.85	41.85
32,71,000 (2018- 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 LOANS		
(Unsecured, Considered Good)		
Security Deposits	8.16	11.66
Total	8.16	11.66
NOTE 6 — OTHER NON-CURRENT ASSETS		
(Unsecured, Considered Good)		
Advance to Custom Authority [Refer Note No 33(6)]	13.50	13.50
Total	13.50	13.50
NOTE 7 — INVENTORIES		
Stock-in-Trade	4.04	37.30
(valued at lower of cost or net realisable value)		
Total	4.04	37.30
NOTE 8 — CURRENT INVESTMENTS		
Investment measured at fair value through profit & loss A/c		
Investment in Mutual Fund	100.77	—
Total	100.77	—
<i>Aggregate book value of unquoted investments</i>	<i>100.59</i>	<i>—</i>
NOTE 9 — TRADE RECEIVABLES		
Unsecured, considered good	23.10	42.00
Total	23.10	42.00

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 10 — CASH AND CASH EQUIVALENTS		
(a) Balances with banks:		
Current accounts	83.31	122.67
(b) Cash in hand	0.08	0.00
Total	<u>83.39</u>	<u>122.67</u>
NOTE 11 — OTHER BANK BALANCES		
Unpaid Dividend Account	7.56	8.49
Total	<u>7.56</u>	<u>8.49</u>
NOTE 12 — OTHER CURRENT FINANCIAL ASSETS		
Other Loans & Advances	35.00	35.00
Total	<u>35.00</u>	<u>35.00</u>
NOTE 13 — CURRENT TAX ASSETS		
Current Tax Assets	67.40	148.28
Total	<u>67.40</u>	<u>148.28</u>
NOTE 14 — OTHER CURRENT ASSETS		
Prepaid Expenses	13.03	13.70
Gratuity obligation (net)	3.77	6.16
(Refer Note No-36)	—	—
Total	<u>16.80</u>	<u>19.86</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 15 — EQUITY SHARE CAPITAL

Authorised:

48,50,000 (2018- 48,50,000) Equity shares of Rs.10 each

1,01,50,000 (2018- 1,01,50,000) Preference Shares of Rs. 10 each

Total

Issued, Subscribed and Fully Paid:

25,84,160 (2018- 25,84,160) Equity shares of Rs.10 each

Total

	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
	485.00	485.00
	1,015.00	1,015.00
Total	1,500.00	1,500.00
	258.42	258.42
Total	258.42	258.42

Notes:

1) Reconciliation of Number of Shares:

Particulars	As at 31st March 2019		As at 31st March 2018	
	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%

1) R. B. Fitness & Trading Pvt. Ltd.

No. of Shares held

% Held

	As at 31st March 2019	As at 31st March 2018
	1,921,570	1,921,570
	74.36%	74.36%

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 FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 16 — OTHER EQUITY		
Capital Reserve	18.92	18.92
Export Profit Reserve	1.68	1.68
Capital Redemption Reserve	48.25	—
General Reserve	2,564.78	2,638.87
Retained Earnings	292.14	67.67
Total	<u>2,925.77</u>	<u>2,727.14</u>

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 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 17 — NON CURRENT FINANCIAL BORROWINGS		
(a) Secured		
Term Loan from HDFC Bank	9.61	128.77
(b) Unsecured		
85,17,500 (2018 – 90,00,000), 4% Non-convertible Cumulative Redeemable Preference shares of Rs.10 each	481.59	543.74
Total	<u>491.20</u>	<u>672.51</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTES:

Term Loans from Bank:

(1) HDFC Bank Ltd - Total Loan Outstanding Rs.129.21 Lacs (2018- Rs.264.57 Lacs)

— 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.

	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 18 — OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security Deposits Received	27.84	186.96
Total	27.84	186.96
NOTE 19 — DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Depreciation on fixed assets	189.12	200.43
MAT Credit Entitlements	(82.70)	(74.00)
Deferred tax assets:		
Disallowances under the Income tax Act, 1961	—	—
Total	106.42	126.43
NOTE 20 — OTHER NON-CURRENT LIABILITIES		
Deferred Income	338.28	368.06
Total	338.28	368.06
NOTE 21 — NON-CURRENT PROVISIONS		
Provision for employee benefits:		
Compensated absences	3.08	—
Total	3.08	—

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 22 — CURRENT FINANCIAL BORROWINGS		
From Related Parties	—	150.00
Current maturities of long-term borrowing	119.60	135.80
Total	<u>119.60</u>	<u>285.80</u>
NOTE 23 — TRADE PAYABLES		
Due to Micro & Small enterprises	—	—
Due to creditors other than Micro & Small enterprises	15.31	35.85
Total	<u>15.31</u>	<u>35.85</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 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 24 — OTHER CURRENT FINANCIAL LIABILITIES		
Security deposits Received	221.98	—
Interest Accrued but not due	43.33	43.33
Unpaid Dividend	7.56	8.49
Other Liabilities		
Subsidiary Company	0.45	6.52
Others	18.20	13.54
Total	<u>291.52</u>	<u>71.88</u>
NOTE 25 — OTHER CURRENT LIABILITIES		
Other liabilities (includes statutory dues)	5.93	7.61
Deferred Income	19.89	36.63
Total	<u>25.82</u>	<u>44.24</u>
NOTE 26 — CURRENT PROVISIONS		
Provision for employee benefits:		
Compensated absences	1.28	—
Total	<u>1.28</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	2018-19 Rs. in Lacs	2017-18 Rs. in Lacs
NOTE 27 — REVENUE FROM OPERATIONS		
Sale of products	103.95	74.08
Total	<u>103.95</u>	<u>74.08</u>
NOTE 28 — OTHER INCOME		
Interest Income		
Bank & Other Interest	6.18	9.49
Financial Instruments carried at amortised cost	55.60	36.63
Dividend Income	276.60	68.48
License fees	312.85	327.48
Service Fees	56.26	61.27
Gain on Sale of Investments	0.03	0.06
Fair Value Changes on Investments Measured at Fair Value Through Profit & Loss A/c	0.18	—
Miscellaneous income	—	0.25
Total	<u>707.70</u>	<u>503.66</u>
NOTE 29 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE		
Opening stock		
Stock-in-trade	37.30	101.81
Less: Closing stock		
Stock-in-trade	4.04	37.30
Total	<u>33.26</u>	<u>64.51</u>
NOTE 30 — EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	93.70	102.96
Contributions to:		
Provident, Family Pension and other Funds	5.08	5.67
Employees State Insurance Scheme	0.07	0.14
Superannuation Scheme	—	—
Staff welfare expenses	1.12	0.86
Total	<u>99.97</u>	<u>109.63</u>
NOTE 31 — FINANCE COSTS		
Interest expense	23.34	34.62
Other borrowing costs	78.25	69.18
Total	<u>101.59</u>	<u>103.80</u>

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 32 — OTHER EXPENSES

	2018-19 Rs. in Lacs	2017-18 Rs. in Lacs
Insurance	1.87	2.38
Rates and taxes	31.74	2.99
Printing and stationery	3.91	2.34
Communications	1.78	2.48
Repairs - Others	25.89	22.93
Advertisement and publicity	1.66	1.47
Travelling and conveyance	2.19	8.07
Commission and brokerage	3.72	—
Legal & Professional Charges	20.93	18.61
Directors fees	6.30	6.54
Auditors' remuneration (Refer Note Below)	5.00	3.75
Finance Charges not related to borrowings	3.19	5.77
Loss on sale of asset	0.04	0.03
Bad Debts	0.12	35.50
Other expenses	19.66	19.57
Total	128.00	132.43

	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
	128.00	132.43

PAYMENT TO AUDITORS

	2018-19 Rs. in Lacs	2017-18 Rs. in Lacs
Statutory Audit fees	3.00	3.00
Tax Audit Fees	1.30	—
Others	0.70	0.75
Total	5.00	3.75

NOTE 33 — CONTINGENT LIABILITIES (to the extent not provided for)

	Reference No.	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
A. Claims against the Company not acknowledged as debt:			
1) Labour Claim	1	1.75	1.75
B. Other money for which the Company is contingently liable			
1) Demands under Wealth Tax Act	2	51.25	51.25
2) Demands under Income Tax Act	3, 4 & 5	25.43	25.43
3) Demands under Customs Act	6 & 7	133.50	133.50
Total		211.93	211.93

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Notes:

- 1 Labour claim of an earlier year disputed by the Company against which Rs.1,75,000 has been deposited with The High Court of Mumbai. As per instructions of the Honorable High Court, advertisement has been given in the local newspapers on 03.01.2019 for claiming the amount deposited of Rs.1,75,000/-. This amount will be returned to Company if not claimed by the respective claimants within one year from date of publishing advertisement.
- 2 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.
- 3 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.
- 4 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.
- 5 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.
- 6 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.
- 7 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.
- 8 The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v/s EPFO, 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 — OTHER COMMITMENTS

An amount of Rs.40,00,000 was due from a third party in terms of Settlement Agreement with this party as a Consultant. During the year an amount of Rs.5,00,000 has been recovered under the said Settlement Agreement with the party. In spite of all assurances given to the company by this party for clearing the balance debt of RS.35,00,000, the party has not yet paid any amount. A legal case has been filed against the party for recovery of balance debt.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	FY 2018-19 Rs. in Lacs	FY 2017-18 Rs. in Lacs
NOTE 35 — INCOME TAXES		
(A) Tax expense recognised in profit and loss		
Current tax		
Current tax	69.50	—
Excess Tax Provision for Earlier years	10.58	2.15
Deferred Tax (net)		
Deferred tax (credit) /charge	(11.31)	8.06
Tax expense for the year	68.77	10.21
(B) Reconciliation of Effective Tax Rate:		
Profit before tax	295.21	31.97
Applicable Tax Rate	26.00%	30.90%
Income tax expense calculated at above rate	76.75	9.88
Adjustments of Current Tax for prior period	10.58	2.15
Adjustment for income taxable at lower rates	(30.43)	—
Tax Loss for which no deferred income tax was recognised	11.86	(9.88)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income	—	8.06
Income tax expense recognised in profit and loss	68.77	10.21

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

Particulars	As at 31st March 2018	Recognised in Statement of Profit & Loss Account	Recognised in OCI	(Rs. in Lacs) As at 31st March 2019
MAT Credit Entitlements	74.00	8.70	—	82.70
Depreciation on Fixed assets	(200.43)	11.31	—	(189.12)
Deferred tax liabilities	(126.43)	20.01	—	(106.42)

(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 vallabhadas & 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 cannons 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.18,16,417/- 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	—	36.45
Mark to market profit on Mutual Fund	—	0.17
Amortisation of Notional Income on Security Deposits	—	19.15
Amortisation of Term Loan processing fees	1.24	—
Amortisation of Security Deposits	18.82	—
Fair Valuation of Preference Shares	51.79	—
Fair valuation on redemption of Preference Shares	2.09	—
Total	73.94	55.78
Net Impact in statement of profit & Loss	18.16	—

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 2019 Gratuity Rs. in Lacs	31st March 2018 Gratuity Rs. in Lacs
(i) Change in Defined Benefit Obligation		
Balance at the beginning of the year	25.21	218.20
Adjustment of:		
Current Service Cost	—	22.54
Liability transferred out/ Divestments	—	(152.92)
Past Service cost	0.89	—
Interest Cost	1.89	13.12
Actuarial (gains)/losses recognised in Other Comprehensive Income:		
— Change in Financial Assumptions	0.47	—
— Change in Demographic Assumptions	—	—
— Experience Changes	1.40	(20.72)
Benefits Paid	—	(55.00)
Balance at the end of the year	29.86	25.21
(ii) Change in Fair value of assets		
Balance at the beginning of the year	31.38	163.99
Assets transferred out/ Divestments	—	(152.92)
Expected Return on Plan Assets excluding interest income	(0.10)	4.78
Interest Income	2.35	13.12
Re-measurements due to:		
Actual Return on Plan Assets less interest on Plan Assets	—	—
Contribution by the employer	—	57.41
Benefits Paid	—	(55.00)
Balance at the end of the year	33.63	31.38

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

	31st March 2019 Rs. in Lacs	31st March 2018 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	(29.86)	(25.21)
Fair Value of Plan Assets	33.63	31.38
Net Asset / (Liability) in the Balance Sheet	3.77	6.16
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	0.89	22.54
Interest Cost	(0.46)	—
Past Service Cost	—	—
Expected Return on Plan Assets	—	—
Amount charged to the Statement of Profit and Loss	0.43	22.54
(v) Re-measurements recognized in Other Comprehensive Income (OCI):		
Changes in Financial Assumptions	0.47	—
Changes in Demographic Assumptions	—	—
Experience Adjustments	1.40	(20.72)
Actual return on Plan assets less interest on plan assets	0.10	(4.78)
Amount recognized in Other Comprehensive Income (OCI)	1.97	(25.49)
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	9.78	12.43
Between 1 and 5 years	11.00	4.49
Between 6 and 10 years	11.80	10.86
11 Years and above	9.03	8.64
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	29.76	25.21
1% increase in discount rate	(1.06)	(0.87)
1% decrease in discount rate	1.17	0.97
1% increase in salary escalation rate	0.79	0.67
1% decrease in salary escalation rate	(0.81)	(0.74)
1% increase in employee turnover rate	0.13	0.13
1% decrease in employee turnover rate	(0.14)	(0.14)
The major categories of plan assets as a percentage of total plan:		
Insurer Managed Funds	33.63	31.38
Actuarial Assumptions:		
Discount Rate (p.a.)	7.07%	7.50%
Expected Return on Plan Assets (p.a.)	7.07%	7.50%
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 2019 Rs. in Lacs	31st March 2018 Rs. in Lacs
Provident, Family Pension and other Funds	5.08	5.67
Employees State Insurance Scheme	0.07	0.14
Superannuation Scheme	—	—
Total	5.15	5.81

Compensated Absences:

The liability towards compensated absences amounting to Rs. 4.36 lacs was provided for the first time for the year ended 31 March 2019, 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
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
Mr. Nabankur Gupta	Non-Executive Director (Ceased to be a Director w.e.f. 07.12.2018 due to his demise)
Mr. N.R. Mahalingam	Independent Director
Mr. H.K. Vakharia	Independent Director
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 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
Interest Expenses		
Proline Exports Private Limited	5.55	33.74
Crav Apparels Pvt. Ltd.	—	1.79
Dividend Received		
BB UK Ltd.	275.52	68.48
Service Charges Received on SAP		
Cravatex Brands Ltd.	38.56	46.57
Proline India Ltd.	17.34	14.70
Rent Income		
Cravatex Brands Limited	35.05	111.60
Purchase of Products		
Cravatex Brands Limited	5.51	37.51

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Nature of Transaction/Relationship	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
Inter-Corporate Deposit taken		
Proline Exports Private Limited	—	375.00
Inter-Corporate Deposit repaid		
Proline Exports Private Limited	150.00	325.00
Crav Apparels Private Limited	—	25.00
Director Sitting Fee	6.30	6.30
(E) Outstanding balances:		
Inter-Corporate Deposit Payable		
— Proline Exports Pvt. Ltd	—	150.00
Trade Payables		
— Proline Exports Pvt. Ltd.	—	3.33
— Cravatex Brands Limited	0.45	45.56
(F) Compensation of Key Management Personnel of the Company:		
Short Term Employee Benefits	61.91	46.62
Other Long Terms Benefits	3.54	3.29
Total Compensation	65.45	49.91

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 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
NOTE 38 — FINANCIAL INSTRUMENTS		
Classification of Financial Assets and Liabilities:		
Financial assets at Amortized cost:		
Loans (Non Current)	8.16	11.66
Trade Receivables	23.10	42.00
Cash and Cash Equivalents	83.39	122.67
Other Bank Balances	7.56	8.49
Other Current Financial Assets	35.00	35.00
Financial assets at Fair Value through Profit and Loss Account		
Investment (Current)	100.77	—
Financial assets at Fair Value through Other Comprehensive Income		
Investment (Non Current)	3,312.85	3,312.85
Total	3,570.83	3,532.67

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
Financial Liabilities at Amortized cost:		
Borrowings (Non Current)	491.20	672.51
Borrowings (Current)	119.60	285.80
Other Non Current Financial Liabilities	27.84	186.96
Trade Payables	15.31	35.85
Other Current Financial Liabilities	291.52	71.88
Total	945.47	1,253.00

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, 2019, and 31st March, 2018 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. 100.77 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.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

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.

Particulars	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
(a) Fixed Rate		
Non Current Borrowings	851.75	900.00
Fixed Deposits	—	—
(b) Fluctuating Rate		
Non Current Borrowings	8.68	131.91
Current Borrowings	119.60	285.80

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

Particulars	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
Non Current Borrowings	0.09	1.32
Current Borrowings	1.20	2.86

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.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

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.

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 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

	(Rs. in Lacs)			
As at 31st March 2018	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade Payables	35.85	—	—	35.85
Borrowings (including current maturities of long term debt)	285.80	128.77	900.00	1,314.57
Other Financial Liabilities	71.88	219.33	—	291.21

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

Particulars	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
A) Total Debt	610.80	958.31
B) Cash and Marketable securities	184.16	122.67
C) Net Debt (A-B)	426.64	835.64
D) Total Equity as per Balance Sheet	3,184.19	2,985.56
Debt to Equity (Net) (C/D)	0.13	0.28

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

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 42 — RECENT STANDARDS

Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

Ind AS - 116 Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. 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 expect any significant impact of the amendment on its financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax“ treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Cravatex Limited does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. Cravatex Limited does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Cravatex Limited does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Cravatex Limited does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Cravatex Limited does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Cravatex Limited does not currently have any interests in associates and joint ventures.

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Cravatex Limited will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

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 2019			For the year Ended 31st March 2018		
	Trading	Unallocable	Total	Trading	Unallocable	Total
Segment Revenue (Revenue from Sales, Services & Other Operating Revenue)						
Revenue from Sale of products	103.95	—	103.95	74.08	—	74.08
Revenue from Services	—	—	—	—	—	—
Other Operating Revenue	—	—	—	—	—	—
Total Revenue (A)	103.95	—	103.95	74.08	—	74.08
Less: Inter Segment Revenue if any (B)	—	—	—	—	—	—
Total Segment Revenue (C = A-B)	103.95	—	103.95	74.08	—	74.08
Segment Results (Profit / (Loss) Before Interest, Depreciation Tax & Exceptional Items)	(0.01)	(227.96)	(227.97)	(31.09)	(242.06)	(273.15)
Less: Exceptional Items	—	—	—	—	—	—
Segment Results (Profit / (Loss) Before Interest, Depreciation & Tax)	(0.01)	(227.96)	(227.97)	(31.09)	(242.06)	(273.15)
Less: Depreciation & Amortization	—	(82.92)	(82.92)	—	(94.74)	(94.74)
Total Segment Result (D)	(0.01)	(310.89)	(310.90)	(31.09)	(336.80)	(367.89)
Less: Finance Costs	—	(101.59)	(101.59)	—	(103.80)	(103.80)
Add: Other Income	—	707.70	707.70	—	503.66	503.66
Profit/(Loss) Before Tax	(0.01)	295.22	295.21	(31.09)	63.06	31.97
Tax Expenses						
— Current Tax	—	(69.50)	(69.50)	—	—	—
— Deferred Tax Charge/(Credit)	—	11.31	11.31	8.06	—	8.06
— Excess Tax Provision for Earlier years	—	(10.58)	(10.58)	2.15	—	2.15
Profit for the year	(0.01)	226.45	226.44	(20.88)	63.06	42.18

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

Segment Reporting Format for Business Segment as per IND AS 108

Particulars	As on 31st March 2019 Rs. in Lacs	As on 31st March 2018 Rs. in Lacs
Segment Assets		
— Trading	27.14	79.30
Add: Unallocable Segment Assets	4,577.40	4,697.99
Total Assets	<u>4,604.54</u>	<u>4,777.29</u>
Segment Liabilities		
— Trading	15.31	35.85
Add: Unallocable Segment Liabilities	4,589.23	4,741.44
Total Liabilities	<u>4,604.54</u>	<u>4,777.29</u>

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 2019 Rs. in Lacs	As on 31st March 2018 Rs. in Lacs
A. Revenue from operations		
— Domestic	103.95	74.08
— International	—	—
B. Non-current assets		
— Domestic	4,266.48	4,363.69
— International	—	—

NOTE 44 — EARNING PER SHARE

(Disclosure Pursuant to Ind AS-33)

Particulars	2018-19 Rs. in Lacs	2017-18 Rs. in Lacs
Net Profit/(Loss) as per Profit and Loss Account	226.44	42.18
Weighted Average Number of Equity Shares	2,584,160	2,584,160
Basic/ Diluted Earning per shares	8.76	1.63
Nominal Value per Share (Rs.)	10.00	10.00

NOTES TO FINANCIAL STATEMENT

NOTES — Contd.

NOTE 45 — SUBSEQUENT EVENT

Dividends paid during the year ended March 31, 2019 include an amount of Rs. 1 per equity share towards final dividend for the year ended March 31, 2018.

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 24.05.2019, the Board of Directors of the Company have proposed a final dividend of Rs.2/- per share in respect of the year ended March 31, 2019 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.62.20 Lacs, inclusive of corporate dividend tax of Rs.10.52 Lacs.

NOTE 46 — 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 47 — 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 "47"

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 : May 24, 2019

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

President Corporate

Affairs & CFO

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, 2019, 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, 2019, 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	Accuracy of writing-off of Fixed asset As at March 31, 2019, some of the fixed assets were written off.	Principal Audit Procedures We have evaluated the written off fixed assets based on external valuer's certificate & formed an opinion on accuracy of entries passed in the books of accounts.

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.

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.

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.

CONSOLIDATED AUDITORS' REPORT

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, 2019 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, 2019 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

Place : Mumbai
 Dated : May 24, 2019

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 2019, 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, 2019, 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

Place : Mumbai
Dated : May 24, 2019

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2019

Particulars	Note No.	As at March 31, 2019 Rupees in Lacs	As at March 31, 2018 Rupees in Lacs
(A) ASSETS			
(1) Non-Current assets			
(a) Property, Plant and Equipment	3(a)	810.97	418.67
(b) Investment Property	3(b)	672.70	689.00
(c) Other Intangible Assets	3(c)	3,287.59	3,674.58
(d) Financial Assets			
(i) Loans	4	286.76	159.12
(ii) Others	5	31.02	27.20
(e) Other Non-Current Assets	6	109.41	41.32
Total Non - Current Assets		5,198.45	5,009.88
(2) Current Assets			
(a) Inventories	7	8,371.59	3,627.80
(b) Financial Assets			
(i) Investments	8	100.77	607.66
(ii) Trade receivables	9	15,003.10	10,326.67
(iii) Cash and cash equivalents	10	400.38	564.30
(iv) Bank Balances other than Cash and Cash Equivalents	11	127.42	118.58
(v) Other Financial Assets	12	241.64	38.14
(c) Loans and advances	13	148.73	91.92
(d) Current Tax Assets (Net)	14	67.40	148.28
(e) Other current assets	15	260.44	312.10
Total Current Assets		24,721.47	15,835.43
Total Assets		29,919.92	20,845.31
EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share capital	16	258.42	258.42
(b) Other Equity	17	1,719.32	674.57
Equity attributable to shareholders of the Company		1,977.74	932.99
Non-controlling interests		-0.01	0.02
Total Equity		1,977.73	933.01
(2) LIABILITIES			
(I) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	8,402.20	8,342.51
(ii) Others	19	27.85	183.55
(b) Provisions	20	154.46	110.25
(c) Deferred tax liabilities (Net)	21	139.97	132.60
(d) Other Non-Current Liabilities	22	449.05	461.35
Total Non Current Liabilities		9,173.53	9,230.26
(II) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	3,266.12	2,161.51
(ii) Trade payables	24	2,255.11	6,087.86
a. Due of Micro and small enterprises			
b. Due of creditors other than micro and small enterprises			
(iii) Others	25	1,292.13	878.62
(b) Other Current Liabilities	26	11,161.25	1,158.56
(c) Provisions	27	794.05	395.50
Total Current Liabilities		18,768.66	10,682.04
Total Equity and Liabilities		29,919.92	20,845.31
Corporate Information	1		
Significant accounting policies	2		
Notes forming part of the Financial Statement	34-51		

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

President Corporate

Affairs & CFO

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

Place : Mumbai

Dated : May 24, 2019

CONSOLIDATED PROFIT AND LOSS STATEMENT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2019

Particulars	Note No.	2018-2019 Rupees in Lacs	2017-2018 Rupees in Lacs
INCOME			
Revenue from operations	28	71,765.98	35,580.18
Other Income	29	415.76	425.69
TOTAL INCOME		72,181.74	36,005.86
EXPENSES			
Purchase of Stock-in-Trade		55,823.70	24,408.40
Change in Inventories of Stock in Trade	30	(4,743.79)	533.31
Employee benefits expense	31	5,212.98	3,754.72
Finance costs	32	509.39	442.15
Depreciation expenses	3 (a),(b),(c)	573.28	573.39
Other expenses	33	13,117.79	7,503.31
TOTAL EXPENSES		70,493.35	37,215.28
Profit / (Loss) before tax		1,688.39	(1,209.42)
Tax expense :			
Current Tax		(593.79)	(191.33)
Deferred tax Asset/(Liability)		(16.53)	164.83
Excess Tax Provision for Earlier years		(11.90)	2.15
Profit /(Loss) for the period		1,066.17	(1,233.77)
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		(9.50)	(54.75)
Total Other Comprehensive Income/(loss) for the period		(9.50)	(54.75)
Total Comprehensive Income/(loss) for the period		1,056.67	(1,288.51)
Net profit attributable to:			
Owners of the Holding Company		1,066.20	(1,233.72)
Non-controlling Interest		(0.03)	(0.06)
		1,066.17	(1,233.78)
Other Comprehensive Income/(loss) attributable to:			
Owners of the Holding Company		(9.50)	(54.74)
Non-controlling Interest		(0.00)	—
		(9.50)	(54.74)
Total Comprehensive Income/(loss) attributable to:			
Owners of the Holding Company		1,056.70	(1,288.46)
Non-controlling Interest		(0.03)	(0.06)
		1,056.67	(1,288.53)
Basic and Diluted Earnings per Equity share (In Rs)	49	41.26	(47.74)

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

Place : Mumbai

Dated : May 24, 2019

Divakar Kamath

President Corporate

Affairs & CFO

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2019

(A) EQUITY SHARE CAPITAL

Particulars	31 March 2019		31 March 2018	
	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	Capital Redemption Reserve	Export Profit Reserve	
(a) Balance at 31 March 2017	(2.44)	—	1,910.11	18.92	—	1.68	1,928.27
Profit for the year	—	(1,233.72)	—	—	—	—	(1,233.72)
Other comprehensive income for the year	—	(54.74)	—	—	—	—	(54.74)
(b) Total comprehensive income for the year	—	(1,288.46)	—	—	—	—	(1,288.46)
(c) Effect during the year	34.77	1,288.46	(1,288.46)	—	—	—	34.77
(d) Balance at 31 March 2018 (a+b+c)	32.33	—	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)
(e) Total comprehensive income for the year	—	1,056.70	—	—	—	—	1,056.70
(f) Effect during the year	14.15	—	(74.35)	—	48.25	—	(11.95)
(g) Balance at 31 March 2019 (d+e+f)	46.48	1,056.70	547.29	18.92	48.25	1.68	1,719.32

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 : May 24, 2019

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra
Chairman & Managing Director
DIN: 00020764

Divakar Kamath
President Corporate
Affairs & CFO

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, 2019

PARTICULARS	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
A Cash flow from operating activities		
Net profit before tax	1,688.39	(1,209.42)
Adjustments for:		
Depreciation	573.28	573.39
Interest income	(93.03)	(46.68)
Rent Income	(277.80)	(215.88)
Gain on Investments	(16.01)	(15.66)
Dividend Income	(1.08)	(0.01)
Finance Cost	509.39	442.15
Profit / (Loss) on sale of Fixed Assets	(0.39)	—
Fixed Assets Written off	11.08	—
Loss on debt instruments measured at FVTPL	241.00	—
Bad Debts & Provision for bad debts	247.01	—
MTM loss on derivative contracts	20.19	—
Current Year gain on translation of currencies	17.61	35.69
Operating profit before working capital changes	2,919.64	(436.41)
Adjustments for:		
(Increase)/Decrease in Trade Receivables	(4,923.45)	(4,224.97)
(Increase)/Decrease in Inventories	(4,743.79)	533.31
(Increase)/Decrease in Loans & Advances	(176.54)	33.28
(Increase)/Decrease in Other Assets	(209.48)	(143.81)
Increase/(Decrease) in Trade Payable	(3,832.74)	2,839.06
Increase/(Decrease) in Other Liabilities	10,597.90	5.28
Increase/(Decrease) in provisions	121.17	340.51
Cash generated from operations	(247.30)	(1,053.76)
Direct taxes Refund/(paid)	(221.89)	(197.73)
Net cash from operating activities	(469.19)	(1,251.49)
B Cash flow from investing activities		
Purchase of Fixed assets	(577.86)	(60.17)
Sale of Fixed assets	1.43	—
Sale/(Purchase) of investments	507.07	(558.60)
Deposits relating to investment property	98.48	—
Gain on sale of Investments	15.83	15.66
Other Bank Balances	(12.66)	(106.36)
Dividend Income	1.08	0.01
Dividend Paid	(25.84)	—
Rent Income	277.80	215.87
Interest received	19.06	46.68
Net cash from / (used in) investing activities	304.40	(446.91)
C Cash flow from financing activities		
Proceeds from Long-term Borrowings	66.82	349.76
Proceeds from/ (Repayment) of Short-term Borrowings	443.43	(3,313.60)
Interest Paid	(509.39)	(442.15)
Net cash from / (used in) financing activities	0.87	(3,405.99)
D Net cash flows during the year (A+B+C)	(163.93)	(5,104.39)
Cash and cash equivalents (opening balance)	564.30	5,668.69
Cash and cash equivalents (closing balance)	400.38	564.30

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 **GPS & ASSOCIATES**

Chartered Accountants

Firm Registration No. 121344W

H.Y. Gurjar

Partner

Membership No. 032485

Place : Mumbai

Dated : May 24, 2019

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

N. Santhanam

Independent Director

DIN: 00027724

Divakar Kamath

President Corporate

Affairs & CFO

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2019

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 2019 Rupees in Lacs	As at 31st March 2018 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 2019

(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 2017	11.80	175.82	106.56	650.64	22.84	115.54	232.38	72.92	14.59	1,403.09
Additions	—	—	0.34	15.59	5.41	—	4.04	—	11.62	36.99
Deletions/discarded/adjustments	(1.16)	—	0.14	(3.25)	6.93	—	0.37	—	—	3.03
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
Accumulated depreciation										
Balance as at 31 March 2017	2.98	155.04	46.62	354.11	12.35	47.87	198.94	44.55	0.18	862.64
Charge for the year	2.44	6.98	7.38	80.12	4.18	20.20	16.23	14.60	7.64	159.79
Deletions/Adjustments	0.22	—	—	(1.45)	5.28	—	—	—	—	4.05
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	299.2	46.89	335.66	12.69	48.32	26.19	42.37	17.32	579.17
Net carrying amount										
As at 31 March 2018	7.76	13.80	52.75	233.79	10.07	47.46	20.88	13.77	18.38	418.67
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

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 2019

(Rs. in Lacs)

Description	Building	Total
Gross carrying value (at deemed cost)		
Balance as at 31 March 2017	1,036.71	1,036.71
Additions	—	—
Deletions / discarded / adjustments	—	—
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
Accumulated depreciation		
Balance as at 31 March 2017	331.41	331.41
Charge for the year	16.30	16.30
Deletions/Adjustments	—	—
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
Net carrying amount		
As at 31 March 2018 (Fair Market Value Rs.6,159.59 Lacs)	689.00	689.00
As at 31 March 2019 (Fair Market Value Rs.6,159.59 Lacs)	672.70	672.70

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, 2019	As at March 31, 2018
Rent Income	312.85	327.48
Less: Depreciation	(82.92)	(94.74)
Less: Society charges & others	(37.65)	(11.18)
Profit	192.28	221.56

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 2019

(Rs. in Lacs)

Description	Licenses, Sublicenses & Franchise	Software	Web site	Total
Gross carrying value (at cost)				
Balance as at 31 March 2017	3,930.00	193.28	22.57	4,145.85
Additions	—	5.63	—	5.63
Deletions / discarded / adjustments	—	—	(0.23)	(0.23)
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
Accumulated depreciation				
Balance as at 31 March 2017	8.18	53.07	18.57	79.82
Charge for the year	373.35	19.73	4.23	397.31
Deletions/Adjustments	—	—	—	—
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
Net carrying amount				
As at 31 March 2018	3,548.47	126.11	—	3,674.58
As at 31 March 2019	3,174.90	112.69	—	3,287.59

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 4 — NON CURRENT LOANS		
(Unsecured, Considered Good)		
Security Deposits	286.76	159.12
Total	286.76	159.12
NOTE 5 — OTHER NON-CURRENT FINANCIAL ASSETS		
Bank deposits with original maturity beyond 12 months		
	31.02	27.20
Total	31.02	27.20
NOTE 6 — OTHER NON-CURRENT ASSETS		
(Unsecured, Considered Good)		
Other Loans and Advances	36.58	25.85
Prepaid Expenses	72.83	15.47
Total	109.41	41.32
NOTE 7 — INVENTORIES		
Stock-in-Trade*	8,207.13	3,445.86
Stores and Spares	164.45	181.94
(valued at lower of cost and net realisable value)		
Total	8,371.59	3,627.80
*Includes stock in transit of Rs 38.47 lakhs (31 March 2018 – Rs. NIL)		
NOTE 8 — CURRENT INVESTMENTS		
Investment measured at fair value through profit and loss		
Investment in Mutual Funds (quoted)	100.77	607.66
Total	100.77	607.66
<i>Aggregate book value of unquoted investments</i>	<i>100.59</i>	<i>592.00</i>
NOTE 9 — TRADE RECEIVABLES		
Unsecured, considered good	15,003.10	10,326.67
Credit impaired	11.81	—
Less: Loss Allowance	(11.81)	—
Total	15,003.10	10,326.67

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 10 — CASH AND BANK BALANCES		
(A) Cash & Cash Equivalents		
(a) Balances with banks:		
Current accounts	392.94	558.67
(b) Cash in hand	7.44	5.63
Total	400.38	564.30
NOTE 11 — BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Fixed Deposit of original maturity of more than 3 Months but within 12 months	119.85	110.09
Unpaid Dividend	7.56	8.49
Total	127.42	118.58
NOTE 12 — OTHER CURRENT FINANCIAL ASSETS		
Advance with Government Authorities	206.64	3.14
Other Loans and Advances	35.00	35.00
Total	241.64	38.14
NOTE 13 — CURRENT LOANS & ADVANCES		
(Unsecured, considered good)		
Deposits	125.82	65.12
Advance to Related Party	9.49	14.53
Employee advances	13.42	1.12
Deferred Lease Expenses (Deposit Given)	—	11.15
Total	148.73	91.92
NOTE 14 — CURRENT TAX ASSETS		
(Unsecured, considered good)		
Current Tax Assets	67.40	148.28
Total	67.40	148.28
NOTE 15 — OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Advance to vendors	49.28	76.02
Prepaid expenses	211.16	232.21
Advance to Custom Authority	—	3.78
Advance to others	0.00	0.09
Total	260.44	312.10

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2019		As at 31st March 2018	
	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 2019		As at 31st March 2018	
	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 2019 Rupees in Lacs	As at 31st March 2018 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 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 17 — OTHER EQUITY		
Capital Reserve	18.92	18.92
Capital Redemption Reserve	48.25	—
Foreign Currency Translation Reserve	46.48	32.33
General reserve	547.29	621.64
Export Profit Reserve	1.68	1.68
Retained Earnings	1,056.70	—
Total	1,719.32	674.57

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

Capital reserve represents amount received from Government of Karnataka.

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 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 18 — NON CURRENT FINANCIAL BORROWINGS		
(a) Secured		
Term Loans from Bank	9.61	128.77
(b) Unsecured		
85,17,500 (2018 — 90,00,000), 4 % Non-convertible Cumulative Redeemable Preference shares of Rs.10 each	481.59	543.74
18,00,000 (2018 — 18,00,000) Optionally Convertible Debentures (OCD)	1,899.00	1,840.00
57,00,000 (2018 — 57,00,000) 0.01% Compulsory Convertible Preference Shares (CCPS)	6,012.00	5,830.00
Total	8,402.20	8,342.51

Notes:**Term Loan from Bank:**

(1) HDFC Bank Ltd – Total Loan Outstanding Rs.129.21 Lacs (2018 – Rs.264.57 Lacs)

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. 1,899 lacs (31 March 2018 – Rs. 1,840 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. 6,012 lacs (31 March 2018 – Rs. 5,830 lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 19 — OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security deposits Received	27.85	183.55
Total	27.85	183.55
NOTE 20 — NON-CURRENT PROVISIONS		
Provision for employee benefits:		
Gratuity	82.91	54.57
Compensated absences	71.55	55.68
Total	154.46	110.25
NOTE 21 — DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Depreciation on fixed assets	222.67	440.98
Others	—	6.92
Deferred tax assets:		
MAT Credit	(82.70)	(74.00)
Disallowances under section 43B	—	(17.84)
Disallowances under section 40(a)(ia)	—	(54.33)
Brought forward Losses	—	(169.13)
Total	139.97	132.60
NOTE 22 — OTHER NON-CURRENT LIABILITIES		
Security deposits	110.77	93.75
Deferred Income	338.28	367.60
Total	449.05	461.35
NOTE 23 — CURRENT FINANCIAL BORROWINGS		
From Banks (refer note below)	3,146.52	1,875.71
From Related Parties	—	150.00
Current maturities of long-term borrowing	119.60	135.80
Total	3,266.12	2,161.51

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 the company & 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 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 24 — TRADE PAYABLE		
Due to Micro and small enterprises (Refer Note-37)	—	—
Due to creditors other than micro and small enterprises	2,255.11	6,087.86
Total	2,255.11	6,087.86
NOTE 25 — OTHER CURRENT FINANCIAL LIABILITIES		
Security deposits Received		
For rental of property	218.29	—
Employee benefits payable	312.79	239.78
Forward contract payable	31.59	11.40
Other liabilities	678.57	569.88
Unpaid Dividend	7.56	8.49
Interest accrued but not due	43.33	49.07
Total	1,292.13	878.62
NOTE 26 — OTHER CURRENT LIABILITIES		
Advances received against supplies and services	439.18	212.12
Unearned revenue	223.40	549.72
Deferred Income	19.70	36.63
Others(includes statutory dues)	10,478.97	360.09
Total	11,161.25	1,158.56
NOTE 27 — CURRENT PROVISIONS		
Gratuity	66.40	55.49
Compensated absences	21.00	12.93
Provision for Sales Return	166.00	93.50
Provision for warranty	22.78	27.79
Provision for tax	517.88	205.79
Total	794.05	395.50
NOTE 28 — REVENUE FROM OPERATIONS		
Sale of products	71,211.85	35,060.30
Sale of services	518.93	356.69
Other operating income	35.20	163.18
Total	71,765.98	35,580.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 29 — OTHER INCOME		
Interest Income	19.06	23.06
Interest income on fair valuation	73.97	23.62
Dividend Income	1.08	0.01
License fees (Rental income)	277.80	215.88
Service Fees	17.70	—
Profit on sale of investments	15.83	45.30
Profit on sale of Fixed Assets	0.43	0.00
Fair value gain on current investments measured at FVTPL	0.17	15.66
Foreign exchange fluctuation (Net)	—	51.02
Miscellaneous Income	9.71	51.14
Total	415.76	425.69
NOTE 30 — CHANGE IN INVENTORIES OF STOCK-IN-TRADE		
Opening stock		
Stock-in-trade	3,445.86	3,944.81
Stores and spares	181.93	216.30
Closing stock		
Stock-in-trade	(8,207.13)	(3,445.86)
Stores and spares	(164.45)	(181.93)
Increase/(decrease) in stock	(4,743.79)	533.31
NOTE 31 — EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	5,050.73	3,606.42
Contributions to:		
Provident, Family Pension and other Funds	107.91	94.56
Employees State Insurance Scheme	0.07	4.92
Superannuation Scheme	53.15	—
Staff welfare expenses	1.12	48.82
Total	5,212.98	3,754.72
NOTE 32 — FINANCE COST		
Interest expense on borrowings	337.07	398.40
Other Interest Expenses	172.32	43.75
Total	509.39	442.15

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	As at 31st March 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 33 — OTHER EXPENSES		
Stores, spares and packing materials consumed	37.09	25.17
Electricity charges	47.85	60.69
Warehouse expenses	875.84	196.56
Rent	894.31	695.46
Insurance	53.73	59.50
Rates and taxes	48.13	57.55
Printing and stationery	42.05	33.84
Communication expenses	80.53	88.47
Repairs and maintenance	322.49	123.22
Advertisement and publicity	3,288.21	1,458.24
Sublicence fees	2,036.32	1,228.57
Travelling and conveyance	669.92	524.19
Commission and brokerage	1,433.56	442.67
Transportation and octroi charges	348.99	295.58
Legal and Professional Charges	1,158.73	1,189.00
Bank Charges not related to borrowings	55.29	58.86
MTM loss on forward contracts	20.19	11.40
Warranty expenses	(5.01)	27.79
Directors fees	9.50	9.14
Fair Valuation of Debt Instruments	241.00	170.00
Payment to auditors (Refer Note Below)	41.05	32.20
Bad Debts	235.21	44.50
Provision for Bad & Doubtful Debts	11.81	—
Loss on Sale of Assets	0.04	—
Foreign exchange fluctuation (Net)	119.78	—
Other expenses	1,051.20	670.72
Total	13,117.79	7,503.31
PAYMENT TO AUDITORS		
Statutory Audit fees	39.05	32.20
Tax Audit Fees	1.30	—
Others	0.70	0.70
Total	41.05	32.20

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Sr. No. Particulars	Reference No	As at 31st March 2019 Rupees in Lacs	As at 31st March 2018 Rupees in Lacs
NOTE 34 — CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)			
A. Claims against the Company not acknowledged as debt:			
1) Labour Claim	1	1.75	1.75
B. Other money for which the Company is contingently liable			
1) Demands under Wealth Tax Act	2	51.25	51.25
2) Demands under Income Tax Act	3, 4 & 5	25.43	25.43
3) Demands under Customs Act	6 & 7	133.50	133.50
Total		211.93	211.93

Notes:

- Labour claim of an earlier year disputed by the Company against which Rs.1,75,000 has been deposited with The High Court of Mumbai. As per instructions of the Honorable High Court, advertisement has been given in the local newspapers on 03.01.2019 for claiming the amount deposited of Rs.1,75,000/-. This amount will be returned to Company if not claimed by the respective claimants within one year from date of publishing advertisement.
- 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.
- For the assessment years 2000-2001, 2002-2003 and 2003-2004 the Income-tax Appellate Tribunal had given relief of Rs.8,74,254 (2017-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.
- The tax authorities had raised a demand for the assessment year 2013-14 u/s 143 (3) for Rs.16,43,120 (2017-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.
- 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.
- 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.
- 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.
- The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v/s EPFO, 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

- An amount of Rs.40,00,000 was due from a third party in terms of Settlement Agreement with this party as a Consultant. During the year an amount of Rs.5,00,000 has been recovered under the said Settlement Agreement with the party. In spite of all assurances given to the company by this party for clearing the balance debt of Rs.35,00,000, the party has not yet paid any amount. A legal case has been filed against the party for recovery of balance debt.
- The company has issued corporate guarantees to the extent of Rs.40 lakhs (31 March 2018 — Rs.104 lakhs)
- Letter of credit outstanding to the extent of Rs.1,747 lakhs (31 March 2018 - Rs.1,722 lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Particulars	For the year 31st March 2019 Rs. in lacs	Year ended 31st March 2018 Rs. in lacs
NOTE 36 — INCOME TAXES		
A. Tax expense recognised in profit and loss		
Current tax		
Current tax	593.79	191.33
Excess Tax Provision for Earlier years	11.90	(2.15)
Deferred Tax (net)		
Deferred tax (credit) / charge	16.53	(164.83)
Tax expense for the year	622.22	24.35
Particulars		
B. Reconciliation of Effective Tax Rate:		
Profit before tax	1,688.39	(1,209.42)
Applicable Tax Rate	26.00%	30.90%
Income tax expense calculated at above rate	438.98	—
Tax effect of profit arising to subsidiary company	(12.95)	191.33
Effect of deductible / non-deductible expense	184.29	(164.83)
Adjustments for current tax of prior period	11.90	(2.15)
Income tax expense recognised in profit and loss	622.22	24.35

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 2019 Rs. in lacs	31 March 2018 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 2019 Gratuity Rs. in lacs	For the year 31st March 2018 Gratuity Rs. in lacs
(i) Change in Defined Benefit Obligation		
Balance at the beginning of the year	260.21	218.83
Adjustment of:		
Current Service Cost	19.97	44.39
Liability transferred in/(out)	—	—
Past Service cost	0.79	18.13
Interest Cost	19.97	23.59
Actuarial (gains)/losses recognised in Other Comprehensive Income:		
— Change in Financial Assumptions	1.69	(15.16)
— Change in Demographic Assumptions	—	—
— Experience Changes	4.70	68.64
Benefits Paid	(26.45)	(98.75)
Balance at the end of the year	280.88	259.67
(ii) Change in Fair value of assets		
Balance at the beginning of the year	149.61	164.62
Assets transferred in/(out)	—	—
Expected Return on Plan Assets excluding interest income	(3.06)	(1.26)
Interest Income	11.47	23.59
Re-measurements due to:		
Actual Return on Plan Assets less interest on Plan Assets	—	—
Employer contributions	—	61.41
Benefits payments from plan assets	(26.45)	(98.75)
Balance at the end of the year	131.57	149.61
(iii) Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(280.88)	(259.67)
Fair Value of Plan Assets	131.57	149.61
Net Asset / (Liability) in the Balance Sheet	(149.31)	(110.06)

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Particulars	For the year 31st March 2019 Gratuity Rs. in lacs	For the year 31st March 2018 Gratuity Rs. in lacs
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	19.97	44.39
Net Interest Cost	8.50	(0.00)
Past Service Cost	0.79	18.13
Amount charged to the Statement of Profit and Loss	29.26	62.53
(v) Re-measurements recognized in Other Comprehensive Income (OCI):		
Changes in Financial Assumptions	1.69	(15.16)
Changes in Demographic Assumptions	—	—
Experience Adjustments	4.75	68.64
Actual return on Plan assets less interest on plan assets	3.06	1.26
Amount recognized in Other Comprehensive Income (OCI)	9.50	54.75
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	29.79	35.54
Between 1 and 5 years	109.99	99.28
Between 6 and 10 years	128.30	104.98
11 Years and above	279.27	267.56
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year	280.91	25.21
1% increase in discount rate	(17.54)	(15.88)
1% decrease in discount rate	20.02	18.14
1% increase in salary escalation rate	19.76	17.96
1% decrease in salary escalation rate	(17.68)	(16.11)
1% increase in employee turnover rate	2.08	2.05
1% decrease in employee turnover rate	(2.38)	(2.34)
The major categories of plan assets as a percentage of total plan:		
Insurer Managed Funds	131.57	267.84
Actuarial Assumptions:		
Discount Rate (p.a.)	7.36%	7.61%
Expected Return on Plan Assets (p.a.)	7.36%	7.61%
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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

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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 & it's 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 2019 Rs. in lacs	31st March 2018 Rs. in lacs
Provident, Family Pension and other Funds	104.00	94.56
Employees State Insurance Scheme	3.97	4.92
Superannuation Scheme	—	—
Total	107.97	99.48

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 2019 Rs. in lacs	31st March 2018 Rs. in lacs
Discount Rate (p.a.)	7.36%	7.61%
Salary Escalation Rate (p.a.)	6.00%	6.00%

b. Demographic assumptions:

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

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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
Crav Apparels Private Limited	able to exercise significant influence
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
Mr. N.R.Mahalingam	Independent Director
Mr. H.K. Vakharia	Independent Director
Mr. S.D.Israni	Independent Director
Mr. Nabankur Gupta	Non-Executive Director (Ceased to be a Director w.e.f. 07.12.2018 due to his demise)
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 (w.e.f. 02.04.2018)
Mr. Sudhanshu Namdeo	Company Secretary
Ms. Apurva Parulekar	Company Secretary of Subsidiary Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

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

Name of Related Parties	31 March 2019 Rs. in lacs	31 March 2018 Rs. in lacs
Interest Expenses		
Proline Exports Private Limited	5.55	33.74
Crav Apparels Pvt. Ltd.	—	1.79
Commission Income		
Proline India Limited	3.03	24.51
Commission Expenses		
Proline India Limited	6.85	15.30
Service Charges Received on SAP		
Proline India Ltd	17.34	14.70
Purchase of stock in trade		
Crav Apparels Private Limited	103.50	71.93
Purchase of DEPB licence		
Crav Apparels Private Limited	16.70	13.29
Inter-Corporate Deposit taken		
Proline Exports Private Limited	—	375.00
Inter-Corporate Deposit repaid		
Proline Exports Private Limited	—	325.00
Crav Apparels Private Limited	150.00	25.00
Fees, expenses and subsistence		
Rudy & Company	83.26	86.71
Director Sitting Fee		
	9.50	8.90
(E) Outstanding balances:		
Name of Related Parties	31 March 2019 Rs. in lacs	31 March 2018 Rs. in lacs
Inter-Corporate Deposit Payable		
— Proline Exports Pvt. Ltd.	—	150.00
Trade Payables		
— Proline Exports Pvt. Ltd.	—	3.33
— Proline India Limited	0.33	0.41
— Crav Apparels Private Limited	24.55	17.45
(F) Compensation of Key Management Personnel of the Company:		
Short Term Employee Benefits	1,086.99	456.89
Other Long Terms Benefits	11.77	111.28
Total Compensation	1,098.76	568.17

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.

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NOTES — Contd.

NOTE 40 — FINANCIAL INSTRUMENTS

a. Classification of Financial Assets and Liabilities:

Particulars	As at 31 March 2019 Rs. in lacs	As at 31 March 2018 Rs. in lacs
Financial assets at Amortized cost:		
Investments (Non Current)	—	—
Loans (Non Current)	286.76	159.12
Trade Receivables	15,003.10	10,326.67
Cash and Cash Equivalents	400.38	564.30
Other Bank Balances	127.42	118.58
Other Non Current Financial Assets	31.02	27.20
Other Current Financial Assets	241.64	38.14
Financial assets at FVTPL:		
Investment (Current)	100.77	607.66
Total	16,191.09	11,841.67
Financial liabilities at Amortized cost:		
Trade Payables	2,255.11	6,087.86
Cash Credits/Working Capital Borrowings	3,266.12	2,161.51
Other Current Financial Liabilities	1,260.54	878.62
Non-Current Borrowings	9.61	117.37
Other Non Current Financial Liabilities	27.85	183.55
85,17,500, 4% Non-convertible Cumulative Redeemable Preference Shares – Level 3	481.59	543.74
Financial liabilities at FVTPL:		
Borrowings – Non-current	7,911.00	7,670.00
Derivative liabilities	31.59	11.40
Total	15,243.40	17,654.04

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, 2019 & 31st March, 2018 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

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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 2019 Rs. in lacs	As at 31 March 2018 Rs. in lacs
Financial Asset at FVTPL:		
Current Investments – Level 1	100.77	607.66
Total	100.77	607.66
Financial Liabilities at FVTPL:		
Optionally Convertible Debentures (OCD) - Level 3	1,899.00	1,840.00
Compulsory Convertible Preference Shares (CCPS) - Level 3	6,012.00	5,830.00
Derivative Liabilities - Level 1	31.59	11.40
Total	7,942.59	7,681.40

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 2018 and 31 March 2017 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

Sensitivity analysis:

CCPS

If the unobservable input i.e. equity value of the Company were 5% higher/lower and Volatility for the Company were 5% lower/higher while all the other variables were held constant, the fair value of the CCPS would increase/decrease by Rs. 372.5 lacs / Rs. 360.7 lacs.

OCDs

If the unobservable input i.e. equity value of the Company were 5% higher/lower and Volatility for the Company were 5% lower/higher while all the other variables were held constant, the fair value of the OCDs would increase/decrease by Rs. 117.6 lacs / Rs. 113.9 lacs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

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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.

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.

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 2019 Rs. in lacs	As at 31st March 2018 Rs. in lacs
Trade Receivables		
USD	0.18	0.64
Trade Payables		
USD	22.32	21.44
CNY	—	21.10

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 2019 Rs. in lacs	As at 31st March 2018 Rs. in lacs
USD	15.31	13.55
CNY	—	2.11

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

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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 2019 Rs. in lacs	As at 31st March 2018 Rs. in lacs
(a) Fixed Rate		
Non Current Borrowings	3,998.27	2,776.00
(b) Fluctuating Rate		
Non Current Borrowings	8.68	131.91
Current Borrowings	119.90	285.80
Interest rate sensitivities for unhedged exposure (impact on increase in 100 bps):		
Non Current Borrowings	0.09	1.32
Current Borrowings	1.20	2.86

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 customers and receivable amount.

Particulars	Rs. in lacs Amount
Movement of allowance for doubtful debts	
Balance as 31 March 2017	—
Add: Provisions	—
Balance as 31 March 2018	—
Add: Provisions	11.81
Balance as 31 March 2019	11.81

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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 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
As at 31st March 2018				
Trade Payables	6,087.86	—	—	6,087.86
Borrowings (including current maturities of long term debt)	2,161.51	128.77	8,570.00	10,860.28
Other Financial Liabilities	885.14	219.93	—	1,105.07
Investments	608.00	—	—	608.00

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 2019 Rs. in lacs	As at 31st March 2018 Rs. in lacs
A. Total Debt	11,668.32	10,504.02
B. Cash and Marketable securities	501.15	1,171.97
C. Net Debt (A-B)	11,167.17	9,332.05
D. Total Equity	1,977.74	933.01
Debt to Equity (Net) (C/D)	5.65	10.00

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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

a. Future minimum rental payables under non-cancellable operating lease for assets taken on lease,

Particulars	As at 31st March 2019 Rs. in lacs	As at 31st March 2018 Rs. in lacs
Not later than one year	667.52	333.54
Later than one year and not later than five years	2,145.65	339.22
More than five years	156.92	31.59
Total	2,970.09	704.35

b. Operating lease payment recognised in the Statement of Profit and Loss amounting to Rs.652 lakhs (31 March 2018 Rs. 669 lakhs)

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 2019	% of voting power as at 31st March 2018	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	—	—	161.00%	3,184.19	21.24%	226.44	20.70%	(1.97)	21.24%	224.47
2 Cravatex Brands Ltd.	India	99.997%	99.997%	-32.64%	(645.52)	-104.39%	(1,112.99)	79.30%	(7.54)	-106.04%	(1,120.52)
3 BB UK Ltd.	UK	100.000%	100.000%	165.20%	3,267.17	208.98%	2,228.09	—	—	210.86%	2,228.09
4 Total Eliminations	—	—	—	-193.56%	(3,828.10)	-25.83%	(275.37)	—	—	-26.06%	(275.37)
				100.00%	1,977.74	100.00%	1,066.17	100.00%	(9.50)	100.00%	1,056.67

NOTE: Share of Non Controlling Intrest in consolidated financials is not material and hence same is not disclosed.

NOTE 46 — RECENT STANDARDS

Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

Ind AS - 116 Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. The Company has assessed the estimated impact that initial application of Ind AS 116 will have on its consolidated financial statements, as described below:

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

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standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company will recognise new assets and liabilities for its operating leases of offices, warehouse and retail stores (Refer Note 44). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Company is evaluating the impact of this Standard on its consolidated financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax“ treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Cravatex Limited does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. Cravatex Limited does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Cravatex Limited does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Cravatex Limited does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Cravatex Limited does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Cravatex Limited does not currently have any interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
NOTES — Contd.

joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Cravatex Limited will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

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 2019				For the year Ended 31 March 2018			
	Sports	Wellness	Unallocable	Total	Sports	Wellness	Unallocable	Total
Segment Revenue (Revenue from Sales, Services & Other Operating Revenue)								
Revenue from Sale of products	66,724.51	4,419.88	67.47	71,211.85	31,005.99	4,054.33	—	35,060.31
Revenue from Services	—	518.93	—	518.93	—	356.69	—	356.69
Other Operating Revenue	17.26	17.94	—	35.20	18.07	145.11	—	163.18
Total Revenue (A)	66,741.77	4,956.74	67.47	71,765.98	31,024.06	4,556.13	—	35,580.18
Less: Inter Segment Revenue if any (B)	—	—	—	—	—	—	—	—
Total Segment Revenue (C = A-B)	66,741.77	4,956.74	67.47	71,765.98	31,024.06	4,556.13	—	35,580.18
Segment Results (Profit / (Loss) Before Interest, Depreciation & Tax)	3,063.17	289.78	(997.65)	2,355.30	(381.26)	180.00	(418.20)	(619.47)
Less: Exceptional Items	—	—	—	—	—	—	—	—
Segment Results (Profit / (Loss) Before Interest, Depreciation & Tax)	3,063.17	289.78	(997.65)	2,355.30	(381.26)	180.00	(418.20)	(619.47)
Less: Depreciation & Amortization	(305.36)	(120.50)	(147.42)	(573.28)	(323.37)	(153.40)	(96.61)	(573.39)
Total Segment Result (D)	2,757.81	169.28	(1,145.08)	1,782.02	(704.63)	26.60	(514.82)	(1,192.85)
Less: Finance Costs	(2.63)	(52.40)	(454.36)	(509.39)	(16.50)	—	(425.77)	(442.27)
Add: Other Income	—	—	415.76	415.76	—	—	425.69	425.69
Loss Before Tax	2,755.18	116.88	(1,183.67)	1,688.39	(721.13)	26.60	(514.89)	(1,209.43)
Tax Expenses								
— Current Tax	—	—	(593.79)	(593.79)	—	—	(189.18)	(189.18)
— Deferred Tax Charge/(Credit)	—	—	(16.53)	(16.53)	10.64	—	154.19	164.83
— Taxes of Earlier years	—	—	(11.90)	(11.90)	—	—	—	—
Profit for the year	2,755.18	116.88	(1,805.89)	1,066.17	(899.68)	26.60	(360.70)	(1,233.78)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

Segment Reporting Format for Business Segment as per IND AS 108

Particulars	As at 31st March 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
Segment Assets		
— Sports	25,789.78	15,470.18
— Wellness	2,588.22	3,040.46
Add: Unallocable Segment Assets	1,541.92	2,334.68
Total Assets	29,919.92	20,845.32
Segment Liabilities		
— Sports	13,396.06	6,413.80
— Wellness	1,695.00	1,678.04
Add: Unallocable Segment Liabilities	14,828.86	12,753.48
Total Liabilities	29,919.92	20,845.32

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 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
A. Revenue from operations		
— Domestic	14,640.96	11,007.07
— International	57,125.02	24,573.10
	71,765.98	35,580.17
B. Non-current assets		
— Domestic	4,942.02	4,972.05
— International	256.43	37.83
	5,198.45	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	Sports	Wellness	Unallocable	Rs. in Lacs Total
Segment revenue	66,741.77	4,956.74	67.47	71,765.98
Adjustments	—	—	—	—
Total revenue from contract with customers	66,741.77	4,956.74	67.47	71,765.98

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 2019 Rs. in Lacs	As at 31st March 2018 Rs. in Lacs
Trade receivables (Refer note 9)	15,003.10	10,326.67
Deferred Revenue (Refer note 26)	223.40	549.72

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 2019 Rs. in Lacs
Unearned revenue as on 1st April 2018	549.72
Less: revenue recognised that was included in the contract liability balance at the beginning of the period	(527.45)
Add: revenue transferred unearned revenue	201.13
Unearned revenue as on 31st March 2019	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 2019 Rs. in Lacs
Revenue as per contracted price	75,094.98
Adjustments	
Sales return (Incl provision for sales return)	1,551.33
Discounts	1,777.67
Revenue from contract with customers	71,765.98

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTES — Contd.

NOTE 49 — EARNINGS PER SHARE (EPS)

Particulars	For the year 31st March 2019 Rs. in Lacs	For the year 31st March 2018 Rs. in Lacs
Basic / Diluted EPS		
(i) Net Profit / (Loss) attributable to Equity Shareholders	1,066.17	(1,233.77)
(ii) Weighted average number of Equity Shares outstanding (Nos.)	2,584,160	2,584,160
Basic / Diluted Earnings Per Share (i/ii)	41.26	(47.74)

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.

SIGNATURES TO THE NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FROM "1" TO "51"

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 : May 24, 2019

For and on behalf of the Board of CRAVATEX LTD.

Rajesh Batra

Chairman & Managing Director

DIN: 00020764

Divakar Kamath

President Corporate

Affairs & CFO

N. Santhanam

Independent Director

DIN: 00027724

Sudhanshu Namdeo

Company Secretary

Membership No.: A17132

CRAVATEX LIMITED

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 24973210 Email: investors@cravatex.com, Website: www.cravatex.com

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Folio No./Client ID: No. of Shares:

I hereby record my presence at the 67th ANNUAL GENERAL MEETING to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025 on Wednesday, August 14, 2019 at 10.30 a.m.

Member's/Proxy's Full Name

Member's/Proxy's Signature

TEAR HERE

CRAVATEX LIMITED

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 24973210 Email: investors@cravatex.com, Website: www.cravatex.com

FORM NO.MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	E-mail Id:
Registered Address:	Folio No./Client Id:
	DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint:

- Name: Address:
E-mail Id: Signature: or failing him
- Name: Address:
E-mail Id: Signature: or failing him
- Name: Address:
E-mail Id: Signature: or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 67th Annual General Meeting of the Company, to be held at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025 on Wednesday, August 14, 2019 at 10.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Particulars	Optional*	
		For	Against
1.	(a) adoption of audited Financial Statements for the financial year ended March 31, 2019, and (b) adoption of audited Consolidated Financial Statements for the financial year ended March 31, 2019.		
2.	Declaration of dividend on 4% Non Convertible Cumulative Redeemable Preference Shares for the financial year ended March 31, 2019		
3.	Declaration of dividend on the Equity Shares for the financial year ended March 31, 2019.		
4.	Re-appointment of Mr. Rajiv Batra as a Director who retires by rotation.		

Signed this day of, 2019

Affix
1 Rupee
Revenue
Stamp

Signature of Shareholder:..... Signature of Proxyholder(s):.....

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

TEAR HERE

