

CRAVATEX

LIMITED

CIN L93010MH1951PLC008546

Registered Office : Ground Floor (East Wing), Forbes Building, Charanjit Rai Marg, Fort, Mumbai – 400 001

Telephone No. : +91 22 6666 7474, Email : info@cravatex.com, Website : <http://cravatex.com/>

POSTAL BALLOT NOTICE

Pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modifications, amendments or re-enactment thereof for the time being in force).

Dear Member(s),

NOTICE is hereby given pursuant to provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the “**Act**”), read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modifications, amendments or re-enactment thereof for the time being in force), read with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No.22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 8, 2021 and General Circular No. 3/2022 dated May 5, 2022 issued by the Ministry of Corporate Affairs (“MCA”) (hereinafter collectively referred to as “MCA Circulars”), for seeking consent of the members of Cravatex Limited (“**Company**”) by passing special resolution by way of postal ballot only by voting through electronic means (“remote e-voting”). Communication of assent or dissent of the Members would take place only through the remote e-voting system.

In compliance with the aforesaid MCA Circulars, this Postal Ballot Notice is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. If your e-mail address is not registered with the Company/Depositories, please follow the process provided in the Notes to receive this Postal Ballot Notice.

An explanatory statement pursuant to Sections 102, 110 and other applicable provisions, if any, of the Act, pertaining to the resolution setting out the material facts and reasons thereof, is appended to this Postal Ballot Notice. Pursuant to Rule 22(5) of the Rules, the Board of Directors of your Company at its meeting held on October 19, 2022, has appointed Mr. Hemanshu Kapadia (Membership No. FCS 3477) of Hemanshu Kapadia & Associates, Practising Company Secretaries, Mumbai, as the Scrutinizer to conduct the Postal Ballot through remote e-voting process in a fair and transparent manner.

SPECIAL RESOLUTION:

Item No. 1 : Sale/disposal of 100% shareholding held by the Company in Cravatex Brands Limited.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to Regulation 24 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 110, 180(1)(a) and any other applicable provisions of the Companies Act, 2013, the Rules thereunder, including any statutory modifications and amendments to each of the foregoing, and applicable notifications, clarifications, circulars, rules and regulations issued by the government of india or other statutory authorities, and subject to the Memorandum and Articles of Association of the Company and further subject to the necessary approvals, consents, permissions and sanctions, if any, of any relevant statutory, regulatory or government authorities, Company’s lenders (if any), and / or other institutions or bodies and such conditions or modifications as may be prescribed by any of them while granting any such approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as the “**Board**”, which term shall include any committee of directors constituted by the Board, or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) , the consent, approval and authority of the Company be and is hereby granted to the Board for sale / transfer / or otherwise disposal in any manner of 100% (one hundred percent) of the shareholding held by the Company in Cravatex Brands Limited, a material subsidiary of the Company, to Metro Brands Limited (along with its nominees) for total consideration based on the enterprise value of CBL, *i.e.*, INR 202.17 Crores, subject to the terms and conditions and adjustments (based on the outstanding debt of CBL as on the completion date) set out in the SPA whereas the total outstanding debt of CBL as per its audited accounts dated 31st March, 2022, was approximately INR 163 Crores;

RESOLVED FURTHER THAT the members of the Board be and is hereby authorized to do or cause to be done all such acts, deeds and things, including actions which may have been taken, as may be necessary, or deemed necessary or incidental thereto, from time to time for giving effect to the above resolution, including finalizing, varying and settling the terms and conditions of the proposed divestment; to settle and finalize all issues that may arise in this regard, without further referring to the Members of the Company; to negotiate and finalize the Share Purchase Agreement and / or any other transaction documents (including providing such representations, warranties, indemnities and covenants as may be required) and to execute, deliver and perform such agreements, other contracts, deeds, undertakings and other documents and subsequent modifications thereto; to file applications and make representations in respect thereof and seek the requisite approvals from the relevant authorities and third parties, including governmental authorities and lenders; to suitably inform and apply to all the concerned authorities, to settle any questions, difficulty or doubt that may arise in this regard, and to take all necessary steps in the matter as it may in its absolute discretion and in the best interests of the Company deem necessary, desirable or expedient, to give effect to the above resolution.”

RESOLVED FURTHER THAT the Company Secretary of the Company is hereby severally authorised on behalf of the Company to certify a copy of these resolutions and issue the same to all concerned authorities or parties.”

**By order of the Board of Directors
Cravatex Limited**

Sd/-

Sudhanshu Namdeo
Company Secretary and
Compliance Officer
Membership No.: A17132

Date: October 19, 2022

Place: Mumbai

CIN : L93010MH1951PLC008546

Registered Office :

Ground Floor (East Wing)
Forbes Building, Charanjit Rai Marg
Fort, Mumbai – 400 001
Tel No. : +91 22 66667474

Email : investors@cravatex.com,

Website : <http://cravatex.com/>

NOTES:

1. An explanatory statement pursuant to Sections 102, 110 and other applicable provisions, if any, of the Act, pertaining to the resolution no.1 setting out the material facts and reasons thereof, is appended to this Postal Ballot Notice.
2. In compliance with the provisions of the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No.22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 8, 2021 and General Circular No. 3/2022 dated May 5, 2022, issued by the Ministry of Corporate Affairs, Government of India, this Notice is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Depositories. Accordingly, physical copy of the Notice along with Postal Ballot Form and pre-paid business reply envelope are not being sent to the Members for this Postal Ballot.
3. In compliance with the provisions of Sections 108 and 110 of the Companies Act, 2013, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has also extended e-voting facility. The Company has engaged the services of National Securities Depository Limited (“NSDL”) for the purpose of providing e-voting facility to the members.
4. The postal ballot notice is being sent to all the members of the Company, whose names appear on the register of members / list of beneficial owners, as received from NSDL/Central Depository Services Limited, as on cut-off date i.e. Friday, October 14, 2022.
5. Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the member / beneficial owner as on cut-off date i.e. Friday, October 14, 2022.
6. A member desiring to exercise vote by e-voting is requested to carefully read the instructions printed in the postal ballot notice, as applicable, and cast their votes in electronic mode on or before Sunday, November 20, 2022 by 5.00 p.m. (IST).
7. The remote e-voting period commences on Saturday, October 22, 2022 (9:00 a.m. IST) and ends on Sunday, November 20, 2022 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, October 14, 2022 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting after the above stated ending time on that date.
8. 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 i.e. Friday, October 14, 2022 only shall be entitled to avail the facility of remote e-voting.

9. In compliance with the provisions of Sections 101, 108, 110 and all other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014 and all other applicable rules made under the Act, the postal ballot notice is being sent by e-mail to those Members who have registered their e-mail addresses with the Depository Participants (in case of shares held in demat form) or with the Company's Registrar & Share Transfer Agent (in case of shares held in physical form).
10. As per Rule 22 of the Companies (Management and Administration) Rules, 2014, details of dispatch of notice to the shareholders will be published in Business Standard (English) and Sakal (Marathi) newspaper.
11. Resolutions passed by the Members through postal ballot are deemed to have been passed effectively at a general meeting of the Members. The Special Resolution shall be declared as passed if the number of votes cast in favour of the Special Resolution is three times more than the number of votes, if any, cast against the Special Resolution by Members so entitled to vote.
12. The Scrutinizer shall submit the report to the Chairman of the Company, or any person authorized by him upon completion of the scrutiny of the votes cast through remote e-voting. The results of the Postal Ballot will be announced at or before 5.00 p.m. (IST) on Monday, November 21, 2022. The results of the postal ballot along with the scrutinizer's report will be intimated to BSE Limited and would also be displayed at the registered office of the Company and on the Company's website viz. <http://cravatex.com/> and the website of NSDL viz. <https://evoting.nsdl.com/>.
13. The date of declaration of results of the postal ballot shall be date on which the resolutions would be deemed to have been passed, if approved by the requisite majority.
14. All documents referred to in this postal ballot notice and explanatory statement setting out material facts are open for inspection with prior appointment by the Members at the Registered Office of the Company between 9.30 a.m. to 6.00 pm on all working days except Saturdays, Sundays and national holidays, from the date hereof up to November 20, 2022.
15. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail id with their depository participants, in respect of electronic holdings. Members holding shares in physical form are requested to kindly register their e-mail addresses with the Company's Registrar and Transfer Agents (R&TA), viz. Link Intime India Private Limited, C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083.

16. Members are requested to furnish/ update the details of their address, e-mail address, bank account details, relevant information for availing various approved/ permissible modes of electronic funds transfer facilities viz. Electronic Clearing Services (ECS), National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc:
- to their depository participants in respect of their shareholdings in electronic (dematerialized) form;
 - to R&TA, in respect of their shareholdings in physical form, quoting their folio numbers.
17. **Instructions to Members for e-voting are as under:**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting for Individual Members holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual Members holding securities in demat mode is given below:

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://evoting.nsdl.com/. either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <div style="text-align: center;"> <p>NSDL Mobile App is available on</p> <p>  App Store  Google Play </p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div> </div>
<p>Individual Members holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or https://cdslindia.com/ and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in https://cdslindia.com/ home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.

Individual Members (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.
---	---

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for e-Voting for Members other than Individual Members holding securities in demat mode and Members holding securities in physical mode.

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://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 ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP 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.

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 123456 then user ID is 123456001***

5. Password details for Members other than Individual Members 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, please follow steps mentioned below in process for those Members whose email ids are not registered.

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 <https://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 etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
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.

Step 2 : Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify or modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members

1. Institutional Members (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. Institutional Members (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
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 <https://evoting.nsdl.com/> to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of <https://evoting.nsdl.com/> or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Manager, NSDL, at evoting@nsdl.co.in.

Process for those Members whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice.

1. In case shares are held in physical mode please provide Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to rnt.helpdesk@linkintime.co.in with copy to investors@cravatex.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to rnt.helpdesk@linkintime.co.in with copy to investors@cravatex.com. If you are an Individual Members holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual Members holding securities in demat mode.
3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the above-mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**By order of the Board of Directors
For Cravatex Limited**

Sd/-

**Sudhanshu Namdeo
Company Secretary and
Compliance Officer**

Membership No.: A17132

Date: October 19, 2022

Place: Mumbai

CIN : L93010MH1951PLC008546

Registered Office :

Ground Floor (East Wing)

Forbes Building, Charanjit Rai Marg

Fort, Mumbai – 400 001

Tel No. : +91 22 66667474

Email : investors@cravatex.com

Website : <http://cravatex.com/>

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1: Sale/disposal of 100% shareholding held by the Company in Cravatex Brands Limited

Cravatex Brands Limited (“**CBL**”) is a material subsidiary of the Company engaged in the business of import, marketing, distribution (through licensing arrangements with global brands), design, sourcing, marketing, distribution and retail of footwear, apparel and sporting goods (“**Business**”). By and under a business transfer agreement dated February 6, 2017, the Company transferred the Business to CBL, together with associated employees, assets and liabilities, as a going concern on slump sale basis, with a view to raise funds for the growth and expansion of the Business. Thereafter, CBL undertook multiple rounds of fund raising through investment by a private equity fund, as well as making certain borrowings to achieve the aforementioned objective. Furthermore, the shareholders of the Company also approved the merger of Proline India Limited (then a Promoter Group Company), which was a mid-size profit making company and a key player in sportswear industry, which owned the well known brand “Proline”, with CBL, to increase the market access and customer base of CBL, while also unifying the platform for growth.

Since then, over a period of 3 (three) years, while all efforts were being made for business growth and expansion of CBL, and to build a profitable and sustainable company, the global pandemic struck, leading to extended lockdowns, along with various other negative economic effects both at a global and national level, which had a material adverse effect on CBL and its Business. In fact, the pandemic had the most adverse impact on the retail sector, in particular in the space which CBL operated in. Since the nature of business undertaken by CBL is based on a very strong retail network and demand, the negative impact of the lockdown on CBL was extensive, and resulted in CBL facing losses, which continued to reduce the CBL’s net worth. CBL made all efforts to stem these negative effects, and also availed further borrowings to mitigate the adverse conditions, and to sustain and continue to operate its business. However, due to the continued disruption for a period of more than 2 years and generally unfavourable business, market, economic and financial conditions, CBL could not turn its operations around and continued to incur losses in its business. During this period, the Company and its subsidiary had earned profits on a standalone basis, however, due to losses suffered by CBL, the Company has incurred losses on a ‘consolidated basis’.

Various options were evaluated by CBL for raising funds but the prospects of raising fresh long term funds from any source remained bleak. In the meantime, an offer was received by the Company for the acquisition of CBL from Metro Brands Limited, a public limited company listed on BSE and NSE, and which is one of the largest Indian footwear specialty retailers and is among the top aspirational Indian brands in the footwear category. The board of directors of the Company after considerable deliberation, and in view of both the dim prospects of turning the Business profitable and the steadily mounting debt obligations of CBL, has decided that it is in the best interest of the Company to accept the offer received from Metro Brands Limited, and sell its shareholding in CBL, as a result of which

(i) all the amounts payable to various banks, financial institution and the private equity investor will be paid off, resulting in a release of valuable security in the form of mortgages and guarantees, provided by the Company; (ii) further erosion of the Company's consolidated net worth would stop; and (iii) improve profitability of the Company on a consolidated basis, thereby benefiting all the Company's shareholders.

Section 180(1)(a) of the Companies Act, 2013 inter alia provides that the board of directors of a company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings only with the consent of the company by a special resolution, where (a) the "undertaking" shall mean an undertaking in which the investment of the company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the company during the previous financial year; (b) the expression "substantially the whole of the undertaking" in any financial year shall mean 20% or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

In terms of Regulation 24(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**"), a listed company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the material subsidiary without passing a special resolution in its general meeting. Further, in terms of Regulation 24(6) of the Listing Regulations, selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution.

Since disposal of shareholding of CBL by the Company attract the provisions of Section 180(1)(a) of the Companies Act, 2013 read with the provisions of Regulation 24 of the Listing Regulations, the approval of the shareholders is being sought.

The Board recommends passing of the enabling Special Resolution to approve the disposal of the Company's shareholding in CBL.

In light of above, you are requested to accord your approval to the Special Resolution as set out at Agenda Item No.1 of the accompanying Notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives has any interest in the proposed resolution except to the extent of certain shareholding held by some members of the Promoter Group in CBL. The Promoters/members of the Promoter Group shall receive only a nominal consideration [which shall not exceed INR 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) in the aggregate] for the transfer of shares of CBL held by Promoters/members of Promoter Group. The interest of the Promoters and the minority shareholders are aligned.

**By order of the Board of Directors of
Cravatex Limited**

Sd/-

Sudhanshu Namdeo
Company Secretary and
Compliance Officer
Membership No.: A17132

Date: October 19, 2022
Place: Mumbai

CIN : L93010MH1951PLC008546
Registered Office :
Ground Floor (East Wing)
Forbes Building, Charanjit Rai Marg
Fort, Mumbai – 400 001
Tel No. : +91 22 66667474
Email : investors@cravatex.com
Website : <http://cravatex.com/>