

March 9, 2020

**BSE Limited
Department of Corporate Services (DCS-Listing)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001**

Company Code: 509472

Dear Sirs,

Sub: **Execution of Share Subscription and Shareholders' Agreement ("SSSHA")**

Ref : **Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations, 2015**

Further to our letter dated March 6, 2020 and in accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations, 2015 ("SEBI LODR"), we wish to inform you that the Company has today executed the share subscription and shareholders' agreement ("SSSHA") between Cravatex Brands Limited ("CBL"), which is a material subsidiary of the Company, the Company and Paragon Partners Growth Fund – I ("Investor"), Rajesh Batra, Rohan Batra and RB Fitness and Trading Private Limited, in relation to the Investor's investment into CBL. Pursuant to the SSSHA, CBL proposes to *inter alia* offer, issue and allot an aggregate of 16,04,970 Series A compulsorily convertible preference shares ("Series A CCPS") to the Investor at an aggregate consideration of INR 30,00,00,992.40 (Rupees Thirty Crore Nine Hundred Ninety Two and Forty paise only), by way of private placement, on the terms and conditions contained in the SSSHA. The SSSHA also contains certain rights, obligations and duties on parties, including restrictions on transferability, and provision of indemnity.

Detailed information in relation to the above, as required to be disclosed in terms of Regulation 30 read with Schedule III of the SEBI LODR is annexed hereto as **Annexure 1**.

Kindly take the same on record.

Thanking you,
For **Cravatex Limited**,



**Sudhanshu Namdeo
Company Secretary**

Annexure 1

The disclosure pursuant to Regulation 30 of the SEBI LODR read with Para A(5) of Part A of Schedule III and SEBI Circular CIR/CFD/CMD/4/2015 dated 9th September 2015 with respect to the SSSHA is as follows:

Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof		
Sr. No.	Disclosure	Remarks
1.	Name(s) of parties with whom the agreement is entered	Cravatex Brands Limited ("CBL"), Rajesh Batra, Rohan Batra, R.B. Fitness and Trading Private Limited ("RB Fitness"), Paragon Partners Growth Fund – I ("Investor").
2.	Purpose of entering into the agreement	To record the manner and terms of issuance and allotment of an aggregate of 16,04,970 Series A compulsorily convertible preference shares ("Series A CCPS") to the Investor for an aggregate consideration of INR 30,00,00,992.40 (Rupees Thirty Crore Nine Hundred Ninety Two and Forty Paise only), by way of private placement, and to record the modification and provision of certain <i>inter se</i> rights and obligations of the parties <i>vis-à-vis</i> CBL pursuant to the subscription of Series A CCPS of CBL by the Investor.
3.	Shareholding, if any, in the entity with whom the agreement is executed	Subject to the terms of the SSSHA, post the Investor making investment in CBL under the SSSHA, there will be no change in the equity shareholding of the Company in CBL, which will be as follows: Company – 99.997% Investor – 0.003%
4.	Significant terms of the agreement (in brief) special rights like right to appoint director, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure, etc.	Set out below in brief are certain key terms / rights set out in the SSSHA: ➤ The Investor shall have the right to nominate two directors on the board of CBL, who shall be non-executive directors, while the Company shall have the right to nominate three directors on the board of CBL. ➤ If the Company proposes to sell its securities to any person, the Company is required to give notice of the same to the Investor, who shall have a right of first refusal with respect to such securities.

		<ul style="list-style-type: none"> ➤ In the event the Investor chooses not to exercise its right of first refusal, the Investor has a tag along right to sell on a pro-rata basis, its securities held in CBL, to the person who is purchasing CBL's securities from the Company, and if such sale causes a change in control of CBL, the Investor has a tag along right with respect to all its securities held in CBL. ➤ The Investor and the Company have a pro-rata right to subscribe to any new issuance of securities by CBL. The Investor also has certain anti-dilution protections. ➤ CBL and the Company must make commercially reasonable efforts to provide an exit to the Investor by 30th September 2022, by way of an initial public offering, sale of all or a majority of the securities of CBL, merger with the Company, sale of the Investor's securities in CBL to a third party or in any other manner acceptable to the Investor. ➤ The Investor has a drag along right against other shareholders of the Company in a proposed sale of the securities held by the Investor: (a) in an event of default; or (b) if the Investor does not get an exit as contemplated above. ➤ The Company, Rajesh Batra and Rohan Batra have provided covenants not to engage in a business which competes with the business of CBL, and have also provided covenants of non-solicitation <i>vis-à-vis</i> CBL. ➤ No action or decision relating to certain reserved matters shall be taken without the consent of the Investor. ➤ The Investor shall have certain information rights in relation to CBL. ➤ On the occurrence of certain events (such as merger, demerger, sale of shares etc. resulting in a change of control of CBL, or liquidation of CBL or sale of all assets of CBL), all assets/funds available for distribution are to be distributed among the different classes of shareholders of CBL in a specified manner with holders of preference shares and OCDs getting a preferential return over equity shareholders of CBL. ➤ The holders of the CCPS and OCDs have certain rights which includes the right to convert their securities into equity shares of CBL at a pre-agreed conversion formula and price.
--	--	--



		<p>➤ Further, the SSSHA also contemplates the merger of Proline India Limited (“PIL”) with CBL, subject to the fulfilment of various conditions (“Merger”). PIL is one of the key players sportswear industry with a well-known ‘Proline’ brand in the apparel category, and certain promoters / members of the promoter group of the Company are majority shareholders of PIL. It is envisaged that the Merger will enable CBL to benefit from the synergies in supply change management, improve efficiency in the overall business, result in operational rationalization, etc. CBL will issue compulsorily convertible preference shares to the shareholders of PIL as consideration for merger. As mentioned above, this is subject to various terms and conditions, including the obtaining of all necessary approvals and authorizations which shall be obtained at the appropriate time.</p> <p>➤ It is further contemplated pursuant to the SSSHA that, upon the Merger becoming effective, the Investor shall acquire Series A CCPS from certain shareholders of CBL (who are shareholders of PIL but would become shareholders of CBL pursuant to the Merger, and who are promoters / members of the promoter group of the Company), for a consideration of INR 10,00,00,000 (Rupees Ten Crores Only) on terms and conditions which will be mutually agreed between such parties.</p>
5.	Whether the said parties are related to the promoter / promoter group / group companies in any manner. If yes, nature of the relationship.	R.B. Fitness, Rajesh Batra and Rohan Batra are promoters / members of the promoter group of the Company, and collectively hold 74.99% of the shareholding of the Company, and CBL is a material subsidiary of the company.
6.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”.	Not applicable.
7.	In case of issuance of shares to the parties, details of issue price, class of shares issued.	Not applicable.
8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;	Not applicable.

<p>9. In case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):</p> <ul style="list-style-type: none"> a) name of parties to the agreement; b) nature of the agreement; c) date of execution of the agreement; d) details of amendment and impact thereof or reasons of termination and impact thereof. 	<p>This SSSHA amends and supersedes an earlier agreement dated 23rd March 2017 ("2017 Agreement"), and the details are as follows:</p> <ul style="list-style-type: none"> ➤ The Company, CBL, the Investor, Rajesh Batra, Rohan Batra and RB Fitness were parties to the earlier agreement; ➤ The 2017 Agreement had been entered into to record the manner and terms of issuance and allotment by CBL of an aggregate of 100 equity shares, 57,00,000 compulsorily convertible preference shares ("CCPS") and 18,00,000 optionally convertible debentures ("OCDS") to the Investor for an aggregate consideration of INR 75,00,10,000 and to record the <i>inter se</i> rights and obligations of the parties <i>vis-à-vis</i> CBL pursuant to the subscription of equity shares, CCPS and OCDS of CBL by the Investor. ➤ The agreement was entered into on 23rd March 2017. ➤ This agreement has been entered into for the purpose of recording the fresh investment into CBL by the Investor by subscription of Series A CCPS of CBL and to record the continuation, modification and provision of certain <i>inter se</i> rights and obligations of the parties <i>vis-à-vis</i> CBL pursuant to the subscription of Series A CCPS of CBL by the Investor.
---	---



The disclosure pursuant to Regulation 30 of the SEBI LODR read with Para A(2) of Part A of Schedule III and SEBI Circular CIR/CFD/CMD/4/2015 dated 9th September 2015 with respect to the SSSHA is as follows:

Restrictions on transferability of securities of the Company				
Sr. No.	Disclosure	Remarks		
1.	Authority issuing attachment or prohibitory orders	Not applicable.		
2.	Brief details and reasons for attachment or prohibitory orders	Not applicable.		
3.	Name or registered holders against whom restriction on transferability has been placed	(i) Mr. Rajesh Batra; (ii) Mr. Rohan Batra; (iii) R B Fitness and Trading Private Limited		
4.	Total number of securities so affected	Name of shareholders	Number of securities	Percentage shareholding
		Mr. Rajesh Batra	[70]	[0.00]
		Mr. Rohan Batra	[10]	[0.00]
		R B Fitness and Trading Private Limited	[19,21,570]	[74.36]
		Total	[19,21,650]	[74.36]
5.	Distinctive numbers of such securities if applicable	Not applicable as the Securities are dematerialized.		
6.	Period for which order would be applicable (if stated)	Not applicable.		



The disclosure pursuant to Regulation 30 of the SEBI LODR read with Para B(11) of Part A of Schedule III and SEBI Circular CIR/CFD/CMD/4/2015 dated 9th September 2015 with respect to the SSSHA is as follows:

Giving of guarantees or indemnity or becoming a surety for any third party		
Sr.No.	Disclosure	Remarks
1.	Name of the party for which such guarantees of surety or indemnity was given	Under the SSSHA, the Company has agreed to indemnify the Investor, its investment manager and directors (" Indemnified Parties ").
2.	Whether the promoter /promoter group/ group companies have any interest in this transaction? If yes, nature of interest and details thereof and whether the same is done at "arms length".	The transaction is an investment transaction whereby the Investor is investing into CBL, which is a material subsidiary of the Company. No promoter / member of the promoter group of the Company has any interest in the transaction except as set out herein. In any event, the transaction is taking place on an arms' length basis.
3.	Brief details of such guarantee or indemnity or becoming a surety viz. brief details of agreement entered (if any) including significant terms and conditions, including amount of guarantee.	Under the SSSHA, the Company has agreed to indemnify the Indemnified Parties for losses incurred by them in connection with breach of certain warranties, covenants, and obligations set out therein, as well as in the event of gross negligence, wilful misconduct or fraud in relation to CBL and/or the Company in relation to CBL. Such indemnity shall be provided only if the amount of each individual loss or a series of losses arising from the same event or circumstances equals or exceeds INR 20,00,000 and the aggregate of such losses equals or exceeds INR 3,50,00,000. In certain cases, such indemnity shall first be paid by CBL, and only in case there is a shortfall in such payment would the Company be required to make any indemnity payments. Certain restrictions in terms of amount of claim as well as timeframe for making claims have been provided for in the SSSHA.
4.	Impact of such guarantees of indemnity or surety on listed entity.	Under the SSSHA, the Company has agreed to indemnify the Indemnified Parties for losses incurred by them in connection with breach of certain warranties, covenants or obligations, gross negligence, wilful misconduct or fraud and costs relating thereto, subject to the following limitations: <ul style="list-style-type: none"> ➤ amount of each individual loss or a series of losses arising from the same event or circumstances should equal to or exceed INR 20,00,000 and the aggregate of such losses should equal to or exceed INR 3,50,00,000; ➤ Maximum aggregate liability shall not exceed INR [1,05,00,11,708.40].