

26<sup>th</sup> June, 2020

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

**Company Code: 509472**

Dear Sir,

**Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Ref : Scheme of Amalgamation by way of Merger by Absorption of Proline India Limited with Cravatex Brands Limited**

Further to our letter dated 9<sup>th</sup> March 2020 and in pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Cravatex Limited (“**the Company**”) hereby informs that the Board of Directors of Cravatex Brands Limited (“**CBL**”) – a material subsidiary of the Company and Proline India Limited (“**PIL**”) – a company owned by the promoters of the Company, at their Board Meetings both held on 26<sup>th</sup> June, 2020, have approved the Scheme of Amalgamation (i.e. Merger by Absorption of PIL (the “**Transferor Company**”) with CBL (the “**Transferee Company**”) and their respective Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (including the rules made thereunder) (herein after referred to as “**Scheme**”) with effect from the appointed date of April 1, 2020, subject to such terms and conditions as may be accepted/consented by the shareholders of the respective companies and approved by the National Company Law Tribunal (“**NCLT**”) and such other approvals, as may be required.

Further, based on the Valuation Report obtained from an independent Registered Valuer / Chartered Accountant appointed by the Board of Directors of CBL and PIL the fair share exchange ratio determined for the purpose of the Scheme is **27,953 (Twenty Seven Thousand Nine Hundred Fifty Three) fully paid up Series A Compulsory Convertible Preference Shares of CBL of INR 100/- each for every 10,000 (Ten Thousand) equity shares of PIL of INR 10/- each fully paid up**. The Board of Directors of CBL and PIL have taken on record the Valuation Report and approved the fair share exchange ratio determined by the Registered Valuer / Chartered Accountant for the purpose of the Scheme.

The Company is neither involved as a Transferor Company nor as a Transferee Company in the Scheme. However, as mentioned above, please note that the Transferee Company is a material subsidiary of the Company (i.e. Cravatex Limited) and as a consideration for Amalgamation / Merger, the Transferee Company (i.e. CBL) will be issuing Series A Compulsorily Convertible Preference Shares to the shareholders of the Transferor Company (i.e. PIL).

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) Regulations 2015 is annexed hereto as Annexure 1.

Kindly take the same on your record.

Thanking You,  
For **Cravatex Limited**

  
SUDHANSHU  
HARIPRASAD NAMDEO

**Sudhanshu Namdeo**  
**Company Secretary**

Encl : a.a.

## Annexure 1

The disclosure pursuant to Regulation 30 of the SEBI LODR read with Para A(1) (more particularly mentioned in Para 1.2 thereof) of Part A of Schedule III and SEBI Circular CIR/CFD/CMD/4/2015 dated 9<sup>th</sup> September 2015 is as follows:.

**1. Acquisition(s) (Including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring:**

**1.2. Amalgamation/Merger**

Sr	Disclosure	Remarks
a	Name of the entity (ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.	<p>Proline India Ltd (<b>PIL</b>) (<b>Transferor Company</b>) and Cravatex Brands Limited (<b>CBL</b>) (<b>Transferee Company</b>)</p> <p>PIL and CBL are collectively referred to as “<b>the Companies</b>”</p> <p>PIL is a well known branded apparel company having over 30 year’s of presence in India in the sportswear segment for both men and women, and a profit making mid size company having a turnover of Rs 82 Crs for FY ended 31<sup>st</sup> March 2019 (audited). PIL is one of the key players in sportswear industry with a well-known brand “Proline” in the apparel category.</p> <p>CBL is dealing in Consumer Brands, Sports Goods and Fitness Equipment business. It partners with various globally renowned brands for distribution and product development in India and the sub-continent. CBL is in the business of designing, sourcing, marketing, distribution and retailing of footwear, apparel, accessories and sporting goods under the “Fila” and “VANS” brand. Its a mid size company having a turnover of Rs 149 Crs for FY ended 31<sup>st</sup> March 2019 (audited).</p>

b	Whether the transaction would fall within related party transaction? If yes, whether the same is done at “arms length”	The Scheme is between the Companies belonging to the same group and management and would therefore fall within the ambit of a related party transaction. The transaction is done at “arms length” based on the Valuation Report obtained from an independent Registered Valuer / Chartered Accountant appointed by the Board of Directors of CBL and PIL.
c	Area of business of the entity(ies)	PIL deals in apparel category of sportswear industry. CBL deals in Consumer Brands, Sportswear, Sports Goods and Fitness Equipment.
d	Rationale for amalgamation/merger	<p>PIL is one of the key players in sportswear industry with a well-known brand “ Proline” in the apparel category.</p> <p>The Merger will enable optimal utilisation of available resources and yield benefits to both the Companies including achieving business synergies, market access, unified platform for growth, access to customer base and cost effectiveness.</p> <p>PIL and CBL are engaged in complementary businesses and combining the businesses will enable the Companies in creating better efficiency in terms of overall combined business including economies of scale, efficiency of operations, cash flow management and efficient deployment of the same for the purpose of development and growth of the combined business, eliminate inter corporate dependencies, minimize the administrative compliances and to maximize shareholders value.</p> <p>Further, common support functions can be integrated leading to cost savings and increased resource productivity.</p>

		The Amalgamation shall also benefit all stakeholders (including shareholders, employees etc) and shall enable the Companies to achieve and fulfil its objectives more efficiently and economically.
e	In case of cash consideration – amount or otherwise share exchange ratio	<p>The Scheme does not involve cash consideration.</p> <p>Based on the Valuation Report obtained from an independent Registered Valuer / Chartered Accountant and accepted by the Board of Directors of PIL and CBL, the fair share exchange ratio determined for the purpose of the Scheme is 27,953 (Twenty Seven Thousand Nine Hundred Fifty Three) fully paid up Series A Compulsory Convertible Preference Shares of CBL of INR 100/- each for every 10,000 (Ten Thousand) equity shares of PIL of INR 10/- each fully paid up.</p>
f	Brief details of change in shareholding patter ( if any ) of listed entity	There will be no change in the shareholding pattern of Cravatex Limited.

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