

17th August, 2021

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

Company Code: 509472

Dear Sirs,

Sub : Subscription to Rights Issue and Execution of Third Supplemental Agreement to the Share Subscription and Shareholders' Agreement dated 9th March, 2020.

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

Further to our letter dated 13th August, 2021 and in accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**"), we, Cravatex Limited ("**Company**"), wish to inform you that on 17th August, 2021 the Company has:

- a) Subscribed to 2,95,254 (Two lakhs ninety five thousand two hundred and fifty four) nos. of 0.001% Compulsorily Convertible Preference Shares ("**CCPS**") with a face value of Rs.100/- (Rupees one hundred) each at a price of Rs.168.74 (Rupees one hundred sixty eight and seventy four paise) [including a premium of Rs. 68.74 (Rupees sixty eight and seventy four paise)] for an amount aggregating to Rs. 4,98,21,159.96 (Rupees Four crores ninety eight lakhs twenty one thousand one hundred fifty nine and ninety six paise) offered by Cravatex Brands Limited ("**CBL**"), a material subsidiary of the Company, by way of a rights issue.

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**.

- b) Executed the Third Supplemental Agreement to the Share Subscription and Shareholders Agreement dated 9th March, 2020 ("**Third Supplemental SSSHA**") between the Company, CBL, Rajesh Batra, Rohan Batra, R.B. Fitness and Trading Private Limited and Paragon Partners Growth Fund – I, in relation to the Company's further investment into CBL through rights issue as mentioned above in Point (a).

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 2**.

Kindly take the above information 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(1) of Part A of Schedule III and SEBI Circular CIR/CFD/CMD/4/2015 dated 9th September 2015 with respect to the subsidiary is as follows:

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		
Sr. No.	Disclosure	Remarks
a)	Name of the target entity, details in brief such as size, turnover etc.	Cravatex Brands Limited (“CBL”) (a material subsidiary of the Company) CBL was incorporated on 22 nd December 2016. Authorised Capital: Rs.1,18,54,56,000 /- Paid up Capital: Rs. 1,12,88,27,400/- Turnover: 2020-21 Rs.13,018 Lakhs 2019-20* Rs.23,839 Lakhs 2018-19 Rs.14,945 Lakhs * Amount restated from Rs.15,242 Lakhs to Rs.23,839 Lakhs as required under IndAs post merger of Proline India Ltd (PIL) with CBL
b)	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms length”	While the acquisition does not fall within a related party transaction, it is an investment by CL into its subsidiary CBL. Mr. Rajesh Batra (promoter, managing director and shareholder of the Company), Mr. Rohan Batra (director and shareholder of the Company) and Mr. N. Santhanam (independent director) are also directors in CBL. Consequent to the merger of PIL with CBL as disclosed vide letter dated 26 th June 2020, as consideration for the said merger, CBL shall allot certain CCPS to promoters of PIL some of whom are promoter / directors of the company. The transaction is being conducted on an arm’s length basis.
c)	Industry to which the entity being acquired belongs	Footwear and Sportswear

d)	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	Object: Keeping in view the growth and financial requirements, CBL intends to raise the required funds by way of long term funds. Effect: CBL will continue to be a material subsidiary of the Company post acquisition.
e)	Brief details of any governmental or regulatory approvals required for the acquisition	N.A
f)	Indicative time period for completion of the acquisition	On or Before 28 th August, 2021
g)	Nature of consideration - whether cash consideration or share swap and details of the same	Cash
h)	Cost of acquisition or the price at which the shares are acquired	2,95,254 nos. of 0.001% Compulsorily Convertible Preference Shares ("CCPS") with a face value of Rs. 100/- each at a price of Rs. 168.74/- each (including a premium of Rs. 68.74/- each) for an amount aggregating to Rs. 4,98,21,159.96 (Rupees Four crores ninety eight lakhs twenty one thousand one hundred fifty nine and ninety six paise only).
i)	Percentage of shareholding / control acquired and / or number of shares acquired	2,95,254 CCPS with a face value of Rs. 100/- each at a price of Rs. 168.74/- each (including a premium of Rs. 68.74/- each). Post the Company making investment in CBL under the rights issue, there will be no change in the following equity shareholding of the Company in CBL: Company – 99.997% Investor – 0.003%
j)	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	Products/Line of Business: Footwear and Sportswear Date of Incorporation: 22 nd December 2016. Last 3 years Turnover: 2020-21 Rs.13,018 Lakhs 2019-20* Rs.23,839 Lakhs 2018-19 Rs.14,945 Lakhs * Amount restated from Rs.15,242 Lakhs to Rs.23,839 Lakhs as required under IndAs post merger of Proline India Ltd (PIL) with CBL. Country of Presence: India

Annexure 2

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 subsidiary 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 ”) and Paragon Partners Growth Fund – I (“ Investor ”).
2.	Purpose of entering into the agreement	To amend the Share Subscription and Shareholders’ Agreement dated 9 th March, 2020 to amend certain terms as a result of the fresh additional investment by the Company in CBL.
3.	Shareholding, if any, in the entity with whom the agreement is executed	The Company is the majority equity shareholder of CBL holding 99.997% of the equity share capital of CBL.
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.	All the key terms/ rights of the earlier agreements (details whereof are set out below in point 9 below) as mentioned in the earlier disclosures made to BSE <i>vide</i> letter dated 9 th March, 2020, 14 th August, 2020 and 9 th June, 2021 shall remain unchanged.
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”.	While the execution of the Third Supplemental SSSHA does not fall within a related party transaction, the execution thereof is pursuant to an investment by CL into its subsidiary, CBL.

7.	In case of issuance of shares to the parties, details of issue price, class of shares issued.	No shares are being issued pursuant to the Third Supplemental SSSHA. However, as mentioned in Annexure 1 above, the Company is subscribing to 2,95,254 CCPS.
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.
9.	In case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s): 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.	Additional details are as follows: a) The Company, CBL, Rajesh Batra, Rohan Batra, RB Fitness and the Investor were parties to the earlier agreements (details whereof are set out in (b) below); b) The Third Supplemental SSSHA amends the following earlier agreements between the parties, which are: (i) Share Subscription and Shareholders Agreement dated 9 th March, 2020 (which amended and superseded the earlier agreement dated 23 rd March, 2017); (ii) Supplemental Agreement dated 14 th August, 2020, to amend certain terms as a result of the fresh additional investment by the Company in CBL and (iii) Second Supplemental Agreement dated 9 th June, 2021, to amend certain terms as a result of the fresh additional investment by the Company in CBL c) Date of execution of Third Supplemental SSSHA is 17 th August, 2021. d) To amend the Share Subscription and Shareholders' Agreement dated 9 th March, 2020 to amend certain terms as a result of the fresh additional investment by the Company in CBL. All the key terms / rights of the earlier agreements as mentioned in the earlier disclosures made to the stock exchange <i>vide</i> letter dated 9 th March, 2020, 14 th August, 2020 and 9 th June, 2021 shall remain unchanged.