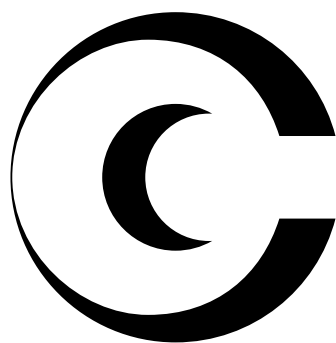


Celebrity Fashions Limited



27th
ANNUAL REPORT 2015 - 2016

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Board of Directors

Mr. V. Rajagopal, Chairman
Mr. Charath Ram Narsimhan, Managing Director
Mrs. Rama Rajagopal, Director
Mr. N.K. Ranganath, Independent Director
Mrs. Nidhi Reddy, Independent Director
Mr. P.S.Raman, Independent Director
Mr. Vidyuth Rajagopal, Additional Director
Mr. K. Sridhar, Additional Director

Chief Financial Officer Mrs. Visalakshi. L
Chief Operating Officer Mr. Selin Reubalin C. C
Company Secretary Mr. A Rishi Kumar (w.e.f. 30th May 2016)

REGISTERED OFFICE & CORPORATE OFFICE

SDF –IV & C2, 3rd Main Road,
 MEPZ – SEZ, Tambaram, Chennai – 600 045

Route Map to the AGM Venue

Venue: SDF - IV & C 2,THIRD MAIN ROAD, MEPZ – SEZ, CHENNAI-600045



NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of Celebrity Fashions Limited will be held on Friday, September 30, 2016 at 3.00 P.M at the Registered Office of the Company Situated at SDF IV & C2 , 3rd Main Road, MEPZ/ SEZ, Tambaram, Chennai-600 045 to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 including audited Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Rama Rajagopal (DIN 00003565), who retires by rotation and being eligible offers herself for re-appointment.
3. To ratify the appointment of Auditors of the Company who were appointed at the 25th Annual General Meeting to hold Office for a period of 3 years (i.e) till the conclusion of next Annual General Meeting of the Company to be held in the Calendar year 2017, and to authorize the Board of Directors to fix their remuneration and to pass the following Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 139 & 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Registration No.004915S), M/s Anil Nair & Associates, Chartered Accountants, Chennai (Firm Registration No. 0000175S), who were appointed as auditors of the Company at the 25th Annual General Meeting, to hold office till the conclusion of the Next Annual General Meeting of the Company to be held in the Calendar Year 2017, be and hereby ratified , and that they shall be paid a remuneration as fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

4. Appointment of Mr. Vidyuth Rajagopal as a Director

To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder including any statutory modification(s) or re-enactments thereof, Mr. Vidyuth Rajagopal (DIN 07578471) a Director who was appointed as an additional director of the Company by the Board with effect from August 01, 2016 and who holds office until the date of AGM, in terms of Section 161 of the Companies Act, 2013 in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Vidyuth Rajagopal as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. Appointment of Mr. Vidyuth Rajagopal as a Whole Time Director

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and any other applicable provisions of the Companies Act, 2013 (the Act), and the Rules made thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the Articles of Association of the Company and subject to such other approvals as may be necessary, the approval of the Members of the Company, be and is hereby accorded for the appointment of Mr. Vidyuth Rajagopal (holding DIN 07578471), as the Whole-time Director of the Company for a period of 3 years effective 1st August, 2016 to 31st July 2019 on terms and conditions including remuneration as set out in the explanatory statement annexed to the notice convening this meeting.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to fix and vary remuneration and perquisites including monetary value thereof to the extent the Board of Directors may consider appropriate and as may be considered and permitted or authorized in accordance with the provisions of the Companies Act, 2013 for the time being in force and any statutory modifications or reenactment thereof, and/or any rules or regulations framed there under".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, things and deeds as may be necessary to give effect to the above resolution."

6. Appointment of Mr. K. Sridhar as an Independent Director

To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 (the 'Act') and the Rules framed thereunder, Mr. K. Sridhar (DIN- 02916536) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st August 2016 and holds office till the date of this AGM and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Non- Executive Independent Director of the Company upto 31st July, 2021 not liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution."

Date : 1st August 2016

Place: Chennai

For and on behalf of the Board

A. Rishi Kumar

Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business as set out in the Notice is annexed hereto and forms part of this Notice.
2. A Member entitled to attend and vote in the above meeting is entitled to appoint a proxy to attend and vote instead of himself. Proxy need not be a member of the Company. Proxies in order to be effective should be lodged with the company at the registered office of the company at least 48 hours before the commencement of the meeting. Proxies submitted on behalf of the Companies, Societies and Partnership firms etc must be supported by appropriate resolution/authority as applicable, issued on behalf of the nominating organization.
Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. Corporate members are requested to send a duly certified copy of the Board Resolution, authorizing their representative to attend and vote at the Annual General Meeting.
4. The members/proxies are requested to bring their copy of the Annual Report to the Meeting along with duly filled in Attendance Slips for attending the Meeting.
5. The Register of Members and the Share Transfer books of the Company will remain closed from 24th September 2016 to 30th September 2016. (both days inclusive)
6. Members are requested to notify Change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares members are requested to advise any change of communication address immediately to the Registrar and Transfer Agent, Viz. M/s Link Intime India Private Ltd, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (w), Mumbai-400078.
7. Queries, on the Accounts and Operation of the Company, if any, may be sent to the Company at its Registered Office (marked for the attention of the CFO/CS) at least seven days in advance of the Meeting.
8. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are given in S.No. 13. The cutoff date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be 23rd September 2016.
9. The members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting in terms of notification issued by the Ministry of Corporate Affairs dated 19.03.2015.

10. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of this notice. The Directors have furnished their requisite declaration / Consent for their appointment / re-appointment.
11. A Route map showing directions to reach the venue of the 27th Annual General Meeting is given along with this notice as per the requirement of the Secretarial Standards-2 on "General Meetings"

12. IMPORTANT SHAREHOLDER COMMUNICATION:

The Ministry of Corporate Affairs ("Ministry"), Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. As per the Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices/documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders. In case you are desirous of having a complete text of Annual Report 2015-16, you may write to us at investorservices@celebritygroup.com or at the registered Office of the Company. The Annual Report of the Company can be accessed at www.celerbritygroup.com in the investor section.

Electronic copy of the Annual Report for 2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2015-2016 is being sent in the permitted mode.

Electronic copy of the Notice of the 27th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 27th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

13. E-Voting:

Voting through electronic means: The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice by 'electronic means' and all the businesses may be transacted through e-voting services provided by Central Depository Services (India) Limited.

The Company is providing facility for voting by electronic means in compliance with the provisions of Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rule, 2014 and the revised Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- The voting period begins on Tuesday, 27th September, 2016 at 9.00 A.M. and ends on Thursday, 29th September, 2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23rd September 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by shareholder, the shareholder shall not be allowed to change it subsequently.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The facility for voting, through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through polling paper in the Annual General Meeting.
- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on Shareholders.
- Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.

- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v)

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If a Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details they should create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxii) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 23rd September 2016.
- (xxiii) Mr S. Bhaskar, Partner, BP & Associates, Company Secretaries have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxiv) The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxv) The Results shall be declared by the Chairman or by any person authorized by him in this regard on or before 1st October 2016. The result along with the Scrutinizer's report shall be placed on the Company's website www.celebritygroup.com and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to BSE & NSE Limited. The resolution, if approved will be taken as passed effectively on the date of declaration of the result, explained as above.
- (xxvi) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 am to 5.00 pm) on all working days except Saturdays & Sundays, up to and including the date of the Annual General Meeting of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 4 & 5 of the Notice:

On the recommendation of the Nomination and Remuneration Committee Mr. Vidyuth Rajagopal has been appointed as an Additional Director of the Company with effect from 1st August 2016 pursuant to Section 161 of the Companies Act, 2013 read with Article 179 of the Articles of Association of the Company.

In terms of Section 161(1) of the Act, Mr. Vidyuth Rajagopal holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying his intention to propose Mr. Vidyuth Rajagopal's appointment as a Director. The Board also appointed Mr. Vidyuth Rajagopal as the Executive Director of the Company for the period from 1st August 2016 to 31st July 2019, subject to approval of the Members.

The Company has received :

- i. His consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014
- ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act

In terms of Section 196, 197 read with Schedule V of the Act, a special resolution is proposed to be passed for payment of remuneration to Mr. Vidyuth Rajagopal for a period of 3 years with effect from 01 August, 2016. The Board of Directors of the Company and the Nomination & Remuneration Committee have recommended the appointment of Mr. Vidyuth Rajagopal for a period of 3 years effective 1st August 2016 to 31st July 2019 for a remuneration of Rs. 1,25,000/- per month plus applicable perquisites, with authority to the Board to sanction increment, subject to the provisions of the Companies Act, 2013.

The terms of the appointment and remuneration details are given below.

i) Tenure

For a period of 3 years with effect from 1st August, 2016 to 31st July, 2019

ii) Salary

Basic salary Rs.1,25,000/- per month.

iii) Medical Benefits

Suitable Mediclaim Policy for hospitalization for himself and family. Reimbursement of all actual medical expenses for himself and family to the extent not reimbursed under Mediclaim Policy.

iv) Telephone

Telephone, Tele fax and other communication facilities at residence at Company's cost.

v) Automobile

He shall be entitled to a fully maintained Company car with driver for company's business.

vi) Reimbursement of expenses

He shall be entitled to the reimbursement of all actual expenses or charges, including travel, entertainment and other out of pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business and objects.

vii) Sitting Fees

He will not be entitled to any sitting fees for attending the meetings of the Board or of any committee thereof.

The above may be treated as an abstract of the terms of appointment and Memorandum of concern or interest, pursuant to Section 190 of the Companies Act, 2013.

The valuation of perquisites will be as per the Income-Tax Rules in cases where the same is otherwise not possible to be valued.

The Board commends Item No. 4 as ordinary resolution and Item No. 5 as special resolution for approval of Members.

Mr. Vidyuth Rajagopal, Mr. Venkatesh Rajagopal and Mrs. Rama Rajagopal are interested in the resolution at Item No. 4 & 5.

None of the other Directors and/or Key Managerial Persons of the Company and their relatives except to the extent of their shareholding in the Company is in any way concerned or interested, financially or otherwise, in the Resolutions set out at Item No. 4 & 5 of the Notice.

The statement containing the information to be given to the members in terms of Schedule V of the Companies Act, 2013 is as under:

I. General Information

1	Nature of Industry	Manufacture & Export of all type of Textile garments and clothing accessories
2	Date or expected date of commencement of commercial production	Company is already in operation
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
4	Financial performance based on given indicators	The Company has made a net profit of Rs. 214081646/- for the financial year ended 31 March, 2016.
5	Foreign Investments or collaborations, if any	Not Applicable

II. Information about the appointee

1	Background details	Mr. Vidyuth Rajagopal holds a B.A. (Hons) Degree in Economics from Loyola College, Chennai. He has had significant experience over the years working across all areas of the organization.
2	Past remuneration	Not Applicable as this is his first appointment as the Whole Time Director
3	Recognition or awards	NIL
4	Job profile and his suitability	Job requires strong knowledge and experience in sales and marketing in garments industry. Mr. Vidyuth Rajagopal is eminently suitable given his background.

5	Proposed Remuneration	As per resolution given above
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	Well within industry norms
7	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Mr. Vidyuth Rajagopal is the son of Mr. Venkatesh Rajagopal and Mrs. Rama Rajagopal, the promoter directors.

III. Other Information

1	Reasons of loss or inadequate profits	Industry trend and increase in operating cost.
2	Steps taken or proposed to be taken for improvement	The company is undertaking various strategic initiatives including improvement to productivity and rationalisation of costs.
3	Expected increase in productivity and profits in measurable terms	The company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.

Item No. 6 of the Notice:

Mr. K. Sridhar was appointed as an Additional Director at the meeting of the Board of Directors held on 01 August 2016 to hold office till the conclusion of the Annual General Meeting ('AGM'). Further the Company has received a notice in writing from a member along with the requisite deposit pursuant to Section 160 of the Act, proposing the candidature of Mr. K. Sridhar as a Non-executive Independent Director.

Accordingly, it is proposed to appoint him as an Independent Non-executive Director under the provisions of Section 149 of the Act, for a period of 5 years, and if appointed, he shall hold office till July 31, 2021

Mr. Sridhar is a post graduate in Management from the University of Madras and has been trained as a Lead Assessor for P-CMM at the Carnegie- Mellon University, USA. He has over 30 years of experience working with growing organizations as a strategist. He began his career in Human Resources and later moved across a variety of roles. He has worked with organizations of varying sizes and stages of growth and has in several of his assignments reported directly to the Board of directors helping them formulate growth and go-to-market strategies globally. Accordingly the members of the Board are of the opinion that his vast experience and knowledge will help the Company and its management in long term for its growth and development.

The Company has received :

- i) His consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under sub-section (2) of Section 164 of the Act, and
- iii) Declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

In the opinion of the Board, he fulfills the conditions for appointment as an Independent Director as specified in the Act.

Except Mr. K. Sridhar, none of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution proposed in Item No. 6.

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting

Pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS – 2 (ICSI)

Name of the Director	Mrs. Rama Rajagopal	Mr. Vidyuth Rajagopal	Mr. K Sridhar
DIN	00003565	07578471	02916536
Nationality	Indian	Indian	Indian
Date of Appointment on the Board	4th January 1994	01 August 2016	01 August 2016
Expertise in Specific Functional Areas	General Management & Administration	Marketing & Merchandising	Human Resources
Qualifications	Post Graduate degree in economics from University of Bangalore	Degree in Economics from Loyola College, Chennai	Post Graduate in Management from University of Madras
Inter-se Relationship between Directors and Key Managerial Personnel	Spouse of Mr. Venkatesh Rajagopal.	Son of Mr. Venkatesh Rajagopal and Mrs. Rama Rajagopal.	Nil
List of directorships held in other Companies	Indian Terrain Fashions Limited	Nil	Avocet Consulting Private Limited, Kelsa Management Solutions Private Limited, Jenson & Nicholson Paints Private Limited
Number of shares held in the Company	5042054	7000	Nil
Chairperson/ Member in the Committees of the Boards of companies in which he/she is a Director*	Indian Terrain Fashions Limited - Corporate Social Responsibility Committee	Nil	Nil

Date : 1st August 2016
Place : Chennai

For and on behalf of the Board
A. Rishi Kumar
Company Secretary

DIRECTORS REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

The Directors hereby submit the 27th Annual Report on the business and operations of the Company along with the audited statements of the Company for the year ended 31st March 2016. The Management Discussion and Analysis is also included in this report.

Global Overview

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies—while still accounting for over 70 percent of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy.

The IMF has downgraded its growth forecast for 2016 to 3.2% from its projection issued in January. China's slowdown and weak commodity prices are taking a deeper toll on emerging markets than expected. Recessions in Russia and Brazil are deeper and longer than anticipated after political problems compounded the effects of a plunge in commodity prices.

However, Indian economy is expected to grow at 7-7.75% during FY 2016-17 despite uncertainties in global market. India is expected to grow at a potential 8% on average during fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanization and other structural reforms.

Industry Overview

India's textile industry is one of the leading textile industries in the world, exporting to over 100 countries.

Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021 from US\$ 40 billion in 2014. Readymade garments remain the largest contributor to total textile and apparel exports from India. In FY15 the segment had a share of 40 per cent of all textile and apparel exports.

The U.S apparel market is the largest in the world and has a market value in excess of 300 billion U.S dollar. With India's market share at 4% of global apparel trade, it has enormous opportunity to grow.

Yet the above opportunities are not without challenges; the subdued demand from Eurozone, the pricing pressures of customers, duty benefits enjoyed by other South East Asian Countries, stringent labour laws, continued increase in operating costs and non-availability of skilled labour at competitive prices limit the growth ability of the Indian Garment Manufacturers.

However the allocation of around Rs.4600 crs to the textile industry in the upcoming financial year to support under various schemes is expect to provide the necessary boost to the industry.

Against this backdrop, the Company hopes to post reasonable growth in its chosen line of business and also continue to explore new profitable business opportunities. The business of the Company, while showing signs of green shoots, continue to be challenged by cost escalations, labour availability and a relatively weak demand in Europe.

Financial Highlights

Rs. In Crs

	FY 2015-16	FY 2014-15
Revenue From operations	197.21	205.87
Gross Profit / (Loss) before interest and depreciation	11.01	13.84
Interest	8.65	9.33
Profit / (Loss) before depreciation and tax	2.37	4.51
Depreciation	8.05	6.80
Profit / (Loss) before Exceptional and Extra-Ordinary Items	(5.69)	(2.29)
Exceptional Item	27.09	-
Extra-Ordinary Item	-	-
Profit / (Loss) after Exceptional and Extra-Ordinary Items	21.40	(2.29)
Profit / (Loss) before tax	21.40	(2.29)
Provision for Taxation	-	-

	FY 2015-16	FY 2014-15
Profit / (Loss) after tax	21.40	(2.29)
Balance brought forward from previous year	(65.17)	(61.76)
Less: Value of Assets with Expired Life written off	-	(1.12)
Balance carried to Balance Sheet	(43.77)	(65.17)

Company's Performance

Revenue from Operations for FY 2015-16 was at Rs.197.21 crs as compared to Rs.205.87 crs in FY 2014-15. Earnings before Interest, Tax and Depreciation (EBITDA) was at Rs.11.01 crs against Rs.13.84 crs in FY 2014-15. Profit after Tax (PAT) for the year was Rs.21.40 crs including exceptional item of Rs.27.09 crs against Net losses of Rs.2.29 crs in FY 2014-15.

The year 2016 was a year of aberration with the company's operations impacted due to Chennai floods in November and December. The Company lost significant man-days of effective production leading to deferred shipments at incremental costs and capacity losses. However the resilience and extra-ordinary determination / dedication put forth by the management team helped the Company to minimize its losses.

During the year under review, the Company disposed two of its non-core properties in line with the re-structuring package sanctioned by the Lender. The gain of Rs.27.09 crs on sale of properties were recorded under exceptional Item in the Financial Statements of the Company.

The sale proceeds of the properties were utilized towards repayment of term loans. As at 31st March 2016 the Company had met the obligations on debt repayment and interest as per the re-structuring package sanctioned to the Company by its lender.

Share Capital

There were no changes to Share Capital during the year under Review.

The Share Capital of the Company as on 31st March 2016 is as below:

Authorised Share Capital

4,40,00,000 Equity Shares of Rs.10 each – Rs.44.00 crs

2,60,00,000 - 1% Cumulative Redeemable Preference Shares of Rs.10 each – Rs.26.00 crs

Issued, Subscribed and Paid-up Equity Share Capital

3,90,03,765 Equity Shares of Rs.10 each – Rs.39.00 crs

2,51,04,500 - 1% Cumulative Redeemable Preference Shares of Rs.10 each - Rs.25.10 crs

Transfer to Reserves

The Company transferred Rs.21.40 Crs to Reserves and Surplus account during the financial year ending 31st March 2016.

Dividend

In view of the accumulated losses, no dividend is being recommended.

Finance and Accounts

The financial statements have been prepared in compliance with the requirements of the Companies Act, and Generally Accepted Accounting Principles (GAAP) in India.

The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgment relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs and profits / (losses) for the year.

Due to the losses incurred by the Company in the earlier years, there is no provision for Income Tax. The Company has recognized Deferred Tax Asset in unabsorbed depreciation and accumulated losses to the extent of corresponding deferred tax liability on the difference between the book balances and written down value of fixed assets under Income Tax.

The company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act 2013 and as such no amount on account of principal or interest on deposits from public was outstanding as on date of the balance sheet.

The Accounts of the Company have been prepared on the basis of 'going concern concept'. The Company continue to focus on cash generation. The focus is on improving operating efficiencies and cost savings and to improve the financial health of the Company.

Cash Flow Statement

In conformity with the provisions of Regulation 34 (2)(c) of SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ended 31st March 2016 forms part of the Annual Report.

Particulars of Contracts or Arrangements with Related Parties

All the transactions with the Related Parties are in the Ordinary Course of Business and on Arm's length basis. The details on Related Party Transactions have been disclosed in the notes to accounts. The Company has framed a policy on Related Party Transactions and the same has been displayed in the Company's website www.celebritygroup.com

The details of related party transactions pursuant to clause (h) of sub-section (3) of section 134 of the Act is enclosed in form no. AOC-2 as Annexure-II

Corporate Governance Report

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI.

The report on Corporate Governance as stipulated under Regulation 34 (3) of SEBI (LODR) Regulations, 2015 forms a part of the Annual Report.

The requisite certificate from the Auditor, M/s CNGSN & Associates LLP confirming the compliance of conditions of Corporate Governance as stipulated under Schedule V(E) of SEBI (LODR) Regulations, 2015 which forms part of this report.

Compliance with Code of Conduct

The Company has put in place a Code of Conduct for its Board Members and Senior Management Personnel. Declarations of Compliance with Code of Conduct have been received from all the Board Members and Senior Management Personnel. A Certificate to this effect from Mr. Charath Ram Narsimhan, Managing Director forms part of this Report.

Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee. As there have been carry forward losses, provisions of section 135 of Companies Act, 2013 pertaining to corporate social responsibility are not applicable to the Company.

The particulars relating to CSR committee and policy have been detailed in Corporate Governance Report.

Establishment of Vigil Mechanism

The Company has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been adopted by the Board Members. The Whistle Blower Policy covering all employees and directors is hosted on the Company's Website www.celebritygroup.com

Directors

In accordance with the provisions of Section 152 of the Companies Act 2013, Mrs. Rama Rajagopal retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

Declaration by Independent Director

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Act, that they meet the criteria of Independence as laid down in Section 149(6) of the Act.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure-III

Number of Meetings of Board

During the financial year, the Board met 8 times. The Board meetings were held in accordance with the provisions of the Companies Act 2013. The particulars relating to the meeting of Board of Directors has been detailed in Corporate Governance Report which forms part of this report.

Audit Committee

During the year all the recommendations of the Audit Committee were accepted by the Board. The particulars relating to the Audit Committee has been detailed in Governance Report which forms part of the report.

Key Managerial Personnel

Pursuant to the provision of Section 203 of the Companies Act, 2013 Mr. Charath Ram Narsimhan Managing Director, Mrs. L. Visalakshi, Chief Financial Officer have been designated as the Key Managerial Personnel (KMP) of the Company.

Remuneration Policy

The Board of Directors of the Company formulated and adopted policies for remuneration of Directors. The details of the same have been included in Report on Corporate Governance, which forms part of this report.

Particulars of Loan, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provision of section 186 of the Companies Act, 2013. The details of the investments made by the company are given in the notes to the financial statements.

Material Changes & Commitment, if any affecting the financial position of the Company

There were no material changes, affecting the financial position of the Company which has occurred between the end of the financial year i.e. March 31, 2016 and date of the Directors' report i.e. May 30, 2016.

Board Evaluation

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Report as per Section 134 read with Rule 8 sub rule 5 of Companies Accounts Rules 2014:

Change in nature of business, if any: Nil

Details of Director or KMP appointed or resigned:

Mr. K Senthil Kumar, Company Secretary, KMP and Compliance Officer resigned from the services of the Company w.e.f August 21, 2015.

Pursuant to Mr. K Senthil Kumar's resignation, Ms. Uma Maheswari was appointed as the Company Secretary, KMP and Compliance Officer of the Company effective September 18, 2015. Ms. Uma Maheshwari resigned from the services of the Company w.e.f 30th March, 2016

Name of Companies which become or cease to be its subsidiaries, JV or associate during the year: NIL

Details relating to deposits covered under Chapter V of Companies Act 2013: Nil

Details of deposits which are not in compliance with the requirements of Chapter V of Companies Act 2013: Not Applicable

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

The Company was not in receipt of any orders from the regulator / courts / tribunals impacting the going concern status of future operations of the Company. The Company was in receipt of the notices / orders from statutory authorities during the year for claim not acknowledged by the company as debts. The details of the same have been provided in Note 28 of the financial statements.

Internal control systems and their adequacy:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman & Managing Director. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and there by strengthen the controls. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls (IFC) is annexed with the Auditors report.

Adequate systems and processes, commensurate with the size of the Company and of its business are put in place to ensure compliance with the provisions of all applicable laws and such systems and processes are operating effectively.

Audit Committee and Board of Directors of the Company were appraised on the performance of the IFC.

Business Risk Management:

In an interdependent, fast-moving world, organizations are increasingly confronted by risks that are complex in nature and global in consequence. Such risks can be difficult to anticipate and respond to, even for the most seasoned business leaders.

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of SEBI (LODR) Regulations, 2015, the company has constituted a business risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report which forms part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

The Company is exposed to the following risks:

Foreign Exchange Risk

The Company's policy is to systematically hedge its long term foreign exchange risks as well as short term exposures in line with its hedging policy. In addition to this, the company also has a natural hedge on the imports of the company which is almost 40%-50% of its Exports.

Interest Rate Risk

The Company is exposed to interest rate risk. The interest rates have softened during the course of the year.

The Company's Banks have sanctioned a re-structuring package wherein the interest rates on term loans are at concessional levels. However the Banks reserves the right of recompense and the compensation will cover the entire amount of sacrifice and concessions in rates of interest of all facilities.

Apart from the above, the Company is also exposed to certain operating business risks in the form of government regulations and the same is taken care through regular monitoring and corrective mechanisms.

Familiarisation Programme for Independent Director:

The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The details of such familiarization programmes for the Independent Directors are posted on the website of the Company (for details, please visit www.celebritygroup.com)

Statutory Auditors

M/s Anil Nair & Associates, Chartered Accountants, Chennai and M/s CNGSN & Associates LLP, Chartered Accountants, Chennai, the Joint Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Annual Accounts of the Company including its Balance Sheet, Statement of Profit and Loss and Cash Flow Statement including the Notes and Schedules to the Accounts have been audited by M/s Anil Nair & Associates, Chennai and M/s CNGSN & Associates LLP, Chennai.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BP & Associates, Practicing Company Secretaries as Secretarial Auditors, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is presented separately and forms part of this report.

Auditors' Report and Secretarial Auditor's Report

The auditors' report and secretarial auditor's report do not contain any qualifications, reservations or adverse remarks.

Listing Fee

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid the applicable listing fee to the Stock Exchanges upto date.

Human Resources/Industrial Relations

Industrial relations have continued to be harmonious at all units throughout the year.

Measures for employees' safety, their welfare and development received top priorities. Your Company has a vision of being an 'Injury Free' and 'Zero Environment Incident' organisation. Over the past many years, your Company has been progressing well on the safety record in factories and facilities. The Company had around 3690 employees as on 31st March 2016.

The Board wishes to place on record its appreciation to all the employees in the company for their sustained efforts and contribution to the Company.

Transfer to Investor Education and Protection Fund:

During the financial year 2015-16, no unpaid or unclaimed dividend was required to be transferred to IEPF.

Policy on Prevention of Sexual Harassment of Woman at Workplace:

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment and Non-discrimination at Work Place in line with the requirements of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

An Internal Complainants Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at workplace.

During the year ended March 31, 2016, the ICC has received no complaints pertaining to sexual harassment / discrimination at work place.

Directors Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review.
- iii) The directors have 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.
- iv) The Board of Directors have prepared the annual accounts on a "going concern basis".
- v) The Board of Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The Board of Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2015-16.

Adoption of New Set of Articles of Association

On December 07, 2015, the Company's Shareholders approved by way of Postal Ballot, adoption of new set of Articles of Association in the place of existing Articles of Association in line with the provisions of the Companies Act, 2013.

Conservation of Energy / Technology Absorption / Foreign Exchange

- i. **Conservation of Energy:**
The operations of the Company are not energy-intensive. However, wherever possible, the Company strives to curtail the consumption of energy on a continuing basis.
- ii. **Technology absorption:** Not applicable.
- iii. **Foreign Exchange Earning and Outgo:**

Total Foreign exchange earned (FOB Value)	Rs.162.56 crs
Total Foreign exchange outgo	Rs. 41.67 crs

Cautionary Statement

Statement in this Directors Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could materially differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, global demand-supply conditions, changes in governmental regulations and tax structure, economic structure within India and the countries with which the Company has business contacts and other incidental factors.

Appreciation

The Directors are sincerely thankful to you – the esteemed shareholders, customers, business partners and State Bank of India for the faith reposed and valuable support provided by them in the Company and its Management.

Date : 30th May 2016
Place : Chennai

For and on Behalf of the Board
V. Rajagopal
Chairman

ANNEXURE - I TO DIRECTORS REPORT

- A. Particulars pursuant to section 197 (12) and the relevant rules:
- a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and such other details as prescribed is as given below:

Name	Designation	Ratio
V. Rajagopal	Chairman	Nil
Rama Rajagopal	Executive Director	Nil
Charath Narsimhan	Managing Director	Nil

Note: No remuneration has been paid to the Directors.

- b) The Percentage increase in remuneration of each director, CFO, CEO, CS or Manager, if any in the Financial Year.

Name	Designation	%
V Rajagopal	Chairman	Nil
Rama Rajagopal	Executive Director	Nil
L Visalakshi	Chief Financial Officer	14.5%
K. Senthil Kumar	Company Secretary	Not Applicable
Uma Maheswari	Company Secretary	Not Applicable

- c) the percentage increase in the median remuneration of employees in the Financial Year: 10.95%
- d) The number of permanent employees on the rolls of the company: around 3690 as on 31st March 2016.
- e) The explanation on the relationship between average increase in remuneration & Company performance:
Average increase in remuneration 10.5% as against 20.45% decrease in EBITA
- f) Comparison of the remuneration of KMP against the performance of the company

Name	Designation	Remu-neration*	%Increase in Remu-neration	PAT in Crs	% in Increase in PAT
Charath Narsimhan	MD	Nil	Nil	21.40	1034.50%
L Visalakshi	CFO	18.56	14.5%		
K Senthilkumar	CS	2.00	NA		
Uma Maheswari	CS	2.17	NA		

*On earned salary basis including perquisites

- g) Variations in the market capitalization of the Company, Price earning ratio as at the closing date of the current financial year and previous year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Date	Issued Capital	Closing Market Price per Share	EPS	PE Ratio	Market Capitalisation in Crs
31.03.2015	39003765	12.38	-0.60	-20.63	48.29
31.03.2016	39003765	9.00	5.49	1.63	35.10
Incl/ (Decrease)	Nil				

- h) 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 and justification thereof and any exceptional circumstances for increase in the managerial remuneration:
Average increase in remuneration is 10.5% for employees other than Managerial Personnel & 14.5% for Managerial Personnel (KMP & Senior Management).
- i) The key parameters for any variable component of remuneration availed by the directors: No Directors have been paid any variable remuneration
- j) The ratio of the remuneration of the highest paid directors to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: No remuneration paid to the directors.
- k) If remuneration is as per the remuneration policy of the company: Yes

- B. Information as per Section 197 of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors Report for the year ended March 31, 2016.- Not Applicable

ANNEXURE - II TO DIRECTORS REPORT
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
1	Name (s) of the related party & nature of relationship	NIL
2	Nature of contracts/arrangements/transaction	
3	Duration of the contracts/arrangements/ transaction	
4	Salient terms of the contracts or arrangements or transaction including the value, if any	
5	Justification for entering into such contracts or arrangements or transactions'	
6	Date of approval by the Board	
7	Amount paid as advances, if any	
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No	Particulars	Details	Details
1	Name (s) of the related party	Indian Terrain Fashions Limited.	Indian Terrain Fashions Limited.
2	Nature of Relationship	Mr.Venkatesh Rajagopal & Mrs.Rama Rajagopal, Directors of Celebrity Fashions Limited are also Directors in Indian Terrain Fashions Limited	Mr.Venkatesh Rajagopal & Mrs.Rama Rajagopal, Directors of Celebrity Fashions Limited are also Directors in Indian Terrain Fashions Limited
3	Nature of contracts/ arrangements/ transaction	Jobwork Charges, Material Purchases and Lease Rentals of Property	Sale of Immovable Property
4	Duration of the contracts/ arrangements/ transaction	Not Applicable	Not Applicable
5	Salient terms of the contracts or arrangements or transaction including the value, if any	Upto Maximum of Rs.40 Crores in any financial year	Upto Maximum of Rs.16 Crores for a transaction
6	Date of approval by the Board	13th November 2014	23rd October 2015
7	Amount paid/ Received as advances, if any (Rs.in Crores)	NIL	NIL

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

ANNUAL RETURN EXTRACTS IN MGT 9
ANNEXURE III
**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**
As on the financial year ended on 31st March 2016

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION DETAILS

- i. CIN : L17121TN1988PLC015655
- ii. Registration Date : 28.04.1988
- iii. Name of the Company : CELEBRITY FASHIONS LIMITED
- iv. Category / Sub-Category of the Company : Company Limited by shares
- v. Address of the Registered office and contact details : SDF-IV & C2, 3rd Main Road, MEPZ-SEZ,
Tambaram, Chennai-600 045
Ph No.044-4343 2200;
Email id: investorservices@celebritygroup.com
- vi. Whether listed company : Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any : Link Intime India Pvt Ltd
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup(w), Mumbai-400 078
Phone No.022-25963838: Fax No.022 25946969

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl.No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Manufacture of all types of textile garments and clothing accessories	14101	100%

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares Held	Applicable Section
	NA	NA	NA	NA	NA

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	14693796	Nil	14693796	37.67	14692781	Nil	14692781	37.67	Nil
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt.s	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A)(1)	14693796	Nil	14693796	37.67	14692781	Nil	14692781	37.67	Nil
(2) Foreign									
a) NRIs-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp...	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	14693796	Nil	14693796	37.67	14692781	Nil	14692781	37.67	Nil
B. Public Shareholding									
(1) Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Financial Institutions / Banks	7469100	Nil	7469100	19.15	7469100	Nil	7469100	19.15	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Foreign Institutional Investors	3350000	Nil	3350000	8.59	3350000	Nil	3350000	8.59	Nil
g) Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(1)	10819100	Nil	10819100	27.74	10819100	Nil	10819100	27.74	Nil
(2) Non-institutions									
a) Bodies Corporate	1817242	Nil	1817242	4.66	1983048	Nil	1983048	5.08	0.42
b) Individuals									
i. Individual shareholders holding nominal share capital up to Rs 1 lakh	3313279	165	3313444	8.50	3908692	165	3908857	10.02	1.52
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	2699417	Nil	2699417	6.92	3154165	Nil	3154165	8.09	1.17
c) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Any Other (specify) Clearing Members	150164	Nil	150164	0.38	86999	Nil	86999	0.22	(0.16)
e) Foreign Portfolio Investor (Corporate)	2100000	Nil	2100000	5.38	2100000	Nil	2100000	5.38	Nil
f) Non Resident Indians	59025	Nil	59025	0.15	78384	Nil	78384	0.20	0.05
g) Foreign Companies	3351577	Nil	3351577	8.59	2180431	Nil	2180431	5.59	(3.00)
h) Any others Specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(2)	13490704	165	13490869	34.59	13491719	165	13491884	34.59	Nil
Total Public Shareholding (B)= (B)(1)+(B)(2)	24309804	165	24309969	62.33	24310819	165	24310984	62.33	Nil
C.Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)	39003600	165	39003765	100.00	39003600	165	39003765	100.00	Nil

(ii) Shareholding of Promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Share holding during the year
		No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Venkatesh Rajagopal	9642981	24.72	6.86	9642981	24.72	6.86	Nil
2	Rama Rajagopal	5042054	12.93	6.86	5042054	12.93	6.86	Nil
3	Vidyuth Rajagopal	7000	0.02	0	7000	0.02	0	Nil
4	Rajagopalan.K.A	646	0.00	0	646	0.00	0	Nil
5	Anjali Rajagopal	100	0.00	0	100	0.00	0	Nil
	Total	14692781	37.67	13.72	14692781	37.67	13.72	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl.No	Shareholding at the beginning of the Year	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company
	At the beginning of the year	No Changes in Promoters shareholding during the year	
	Date wise increase/decrease in Promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No Changes in Promoters shareholding during the year	
	At the end of the Year	No Changes in Promoters shareholding during the year	

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Shareholding at the End of the year	
		No.of shares	% of total shares of the company	No.of Shares	% of total Shares of the company
1	State Bank of India	7469100	19.15	7469100	19.15
2	Leman Diversified Fund	3350000	8.59	3350000	8.59
3	New Vernon Private Equity Limited	3351577	8.59	2180431	5.59
4	Davos International Fund	2100000	5.38	2100000	5.38
5	Bennett, Coleman and Company Limited	1316818	3.38	1316818	3.38
6	Priyanka Finance Private Limited	0	0.00	200000	0.51
7	Apurva Jayantkumar Mehta	140986	0.36	162517	0.42
8	Purvi Pankaj Patel	4500	0.01	102938	0.26
9	Vikram Pratapbhai Kotak	0	0.00	100000	0.26
10	Vijay Kishanlal Kedia Pratik Vijay Kedia	0	0.00	98696	0.25

(v) Shareholding of Directors and Key Managerial Personnel:

Sl.No		Shareholding at the beginning of the Year		Shareholding at the End of the year	
		No.of shares	% of total shares of the company	No.of Shares	Cumulative Shareholding during the year
1	Venkatesh Rajagopal-Chairman & Director				
	At the beginning of the year	9642981	24.72	9642981	24.72
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	9642981	24.72	9642981	24.72
2	Rama Rajagopal-Whole Time Director				
	At the beginning of the year	5042054	12.93	5042054	12.93
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	5042054	12.93	5042054	12.93
3	Charath Ram Narsimhan-Managing Director				
	At the beginning of the year	1025619	2.63	1025619	2.63
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	1025619	2.63	1025619	2.63
4	L.Visalakshi-Chief Financial Officer				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	-	-	-	-
5	M. Uma Maheshwari -Company Secretary				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total In debtedness
Indebtedness at the beginning of the financial year				
i.Principal amount	8140.95	0.00	0.00	8140.95
ii.Interest due but not paid	0.00	0.00	0.00	0.00
iii.Interest accrued but not due	0.00	0.00	0.00	0.00
Total(i+ii+iii)	8140.95	0.00	0.00	8140.95

Change in Indebtedness during the financial year				
Addition	0.00	0.00	0.00	0.00
Reduction	1161.28	0.00	0.00	1161.28
Net Change	1161.28	0.00	0.00	1161.28
Indebtedness at the end of the financial year				
i.Principal amount	6979.67	0.00	0.00	6979.67
ii.Interest due but not paid	0.00	0.00	0.00	0.00
iii.Interest accrued but not due	0.00	0.00	0.00	0.00
Total(i+ii+iii)	6979.67	0.00	0.00	6979.67

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in Lakhs)

Sl.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Charath Ram Narsimhan Managing Director		
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of Perquisites u/s 17(2) Income –tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission -as % of profit -others, Specify	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	Total (A)	NIL	NIL	NIL

B. Remuneration to other directors: (Amount in Lakhs)

S.No.	Particulars of Remuneration	Name of Directors			Total Amount
		N.K.Ranganath	P.S.Raman	Nidhi Reddy	
1	Independent Directors Fee for attending Board/Committee Meetings	0.35	0.12	0.11	0.58
	Commission	-	-	-	-
	Others, Please specify	-	-	-	-
	Total(1)	0.35	0.12	0.11	0.58
2	Other Non-Executive Directors Fee for attending Board/Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	Others, Please specify	-	-	-	-
	Total(2)	-	-	-	-
	Total (B)=(1+2)	0.35	0.12	0.11	0.58
	Total Managerial Remuneration	0.35	0.12	0.11	0.58

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Rs.in Lakhs)

S.No.	Particulars of Remuneration	CFO	CS		Total
			(1st April 2015 to 21st August 2015)	(18th September 2015 to 30th March 2016)	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of Perquisites u/s 17(2) Income –tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	18.56	2.17	2.00	22.73
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission -as % of profit -others, Specify	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00
	Total	18.56	2.17	2.00	22.73

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give Details)
A.COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B.DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C.OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

ANNEXURE - IV
**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[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,
CELEBRITY FASHIONS LIMITED,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Celebrity Fashions 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 Celebrity Fashions Limited'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 authorised representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2016 generally 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 made available to us and maintained by Celebrity Fashions Limited for the financial year ended 31st March, 2016 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (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;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (g) the Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (vi) The Special Economic Zones Act, 2005
- (vii) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (viii) Other laws applicable to the Company as per the representations made by the Management.

With respect to Fiscal laws such as Income Tax, Value Added Tax, Central Excise Act and Service Tax Rules, we have reviewed the systems and mechanisms established by the Company for ensuring compliances under various Acts and based on the information and explanation provided to us by the management and officers of the Company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India have been generally complied with.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under review there were no events which required specific compliance of the provisions of

- i. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

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.

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.

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.

For BP & Associates
Company Secretaries

Date : 30th May 2016
Place: Chennai

S.Bhaskar
Partner
ACS No: 10798
CP No: 8315

'ANNEXURE A'

To
The Members,
Celebrity Fashions Limited,
SDF - IV & C 2, Third Main Road,
MEPZ - SEZ,
Tambaram,
Chennai - 600045

Our report of even date is to be read along with this letter.

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Account of the company
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- 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 BP & Associates
Company Secretaries

Date : 30th May 2016
Place: Chennai

S.Bhaskar
Partner
ACS No: 10798
CP No: 8315

REPORT ON CORPORATE GOVERNANCE
Company's Philosophy on Code of Corporate Governance

Celebrity Fashions Limited focuses Corporate Governance as a key driver of sustainable corporate growth and a powerful medium to achieve the company's goal of maximizing value for all its stakeholders. Sound corporate governance strengthens investors' trust and enables the company to fulfill its commitment towards the customers, employees and the society in general. Celebrity Fashions Limited believes that the primary objective is to create and adhere to a corporate culture of conscience and consciousness, empowerment, accountability and independent monitoring.

The company philosophy is based on the key elements in corporate governance viz., transparency, disclosure, supervision and internal controls, risk management, internal and external communications, high standard of safety, health, accounting fidelity, product and service quality. The company has a strong legacy of fair and ethical governance practices.

BOARD OF DIRECTORS

The Board of Directors of the Company possess highest personal and professional ethics, integrity and values, and provides leadership, strategic guidance and objective judgement on the affairs of the company. The Board is fully aware of its fiduciary responsibilities and is committed to represent the long-term interest of the Stakeholders. The Board adopted the principles of corporate governance and remains informed, participative, and independent to implement its broad policies and guidelines and has set up adequate review procedures.

The Key to good corporate governance is the optimum combination of the executive and non-executive directors on the board and the extent of their independence. The Board consists of six members with knowledge and experience in diverse fields and professionally acclaimed to understand their role in addressing the issues raised by the management. The day-to-day affairs of the company are managed by Chairman and Managing Director under the supervision of the Board.

Composition of the Board

The Board has constituted in the manner, which will result in an appropriate mix of Executive / Non Executive Independent Directors to ensure proper governance and Management.

During the financial year ended 2015-16, the Board consisted of Six Directors. Mr.V.Rajagopal the Chairman and Mr. Charath Ram Narsimhan the Managing Director and Mrs. Rama Rajagopal, Woman & Executive Director, Mr.P.S.Raman, Mr.N.K.Ranganath and Mrs. Nidhi Reddy were the Independent Directors. The number of independent directors on the Board is half of its strength and the Company meets the requirements of composition of the Board according to Regulation 17 of SEBI (LODR) Regulations, 2015.

All independent directors possess the requisite qualifications and are very experienced in their own fields. All Directors except the Chairman, Managing Director and Independent Directors are liable to retire by rotation. None of the directors are members of more than ten committees or chairman of more than five committees in companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The familiarization programmes imparted to independent directors is disclosed in the Company's website: www.celebritygroup.com

Attendance of Each Director at the Board Meetings and the Last AGM

During the financial year 2015-16, the Board met Eight (08) times on 21st May 2015, 11th August 2015, 25th September 2015, 23rd October 2015, 14th November 2015, 7th December 2015, 12th January 2016 and 10th February 2016.

Details of attendance of each director at the Board Meetings and in the last Annual General Meeting and number of directorships / committee memberships held by them as on 31st March 2016 are as follows:

Name of the Director	Category	Attendance at the Board Meetings	Attendance at the Last AGM	Number of other Directorships held**	Other Committee Membership ***	
					Member	Chairman
Mr. V. Rajagopal Chairman	Executive / Promoter	8/8	Yes	1	2	-
Mrs.Rama Rajagopal* Executive Director	Executive / Promoter & Woman Director	6/8	No	1	-	-

Mr. Charath Ram Narsimhan Managing Director	Executive	8/8	Yes	-	2	-
Mr.P.S.Raman Director	Independent Non Executive	1/8	No	2	3	-
Mr.N.K.Ranganath Director	Independent Non Executive	8/8	Yes	2	-	4
Mrs.Nidhi Reddy Director	Independent Non Executive & Woman Director	2/8	No	-	2	-

Notes:

* Mrs. Rama Rajgopal, Executive Director (spouse of Mr. V.Rajgopal, Chairman)

** The Directorship held by the Directors, as mentioned above, includes the directorship held in Private Limited Companies

*** Only membership of audit committee and Stakeholders Relationship committee has been taken into consideration.

Access to information and updation to Directors

The required information as enumerated in Part- A of Schedule II of SEBI (LODR) Regulations, 2015 is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews significant strategic, financial, operational and compliance matters in the meeting. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them.

COMMITTEES OF THE BOARD

The Board in order to be effective had constituted an Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee and Corporate Social Responsibility Committee.

AUDIT COMMITTEE

The Audit Committee plays an important role in financial reporting of performance and review of internal control procedure. Apart from all the matters provided in Part C of Schedule II of SEBI (LODR) Regulations 2015 and section 177 of the Companies Act 2013, the Audit Committee reviews reports of the internal auditor, statutory auditors as when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company.

Composition:

The Company consists of qualified and independent Audit Committee. The committee consists of four members Mr.N.K.Ranganath, Non-executive independent director as its Chairman, Mr. P.S. Raman, Mr. Charath Ram Narsimhan and Mrs. Nidhi Reddy as its members. All the members of the committee have excellent financial and accounting knowledge.

The role of the Audit Committee, in brief, is to review financial statements, internal controls, accounting policies and internal audit reports. The quarterly financial results are placed before the audit committee for its review, suggestions and recommendation(s), before taking the same to the Board. The Committee also reviews the management discussion and analysis of financial conditions and results of operations, related party transactions.

The Committee met 5 times on 21st May 2015, 11th August 2015, 23rd October 2015, 14th November 2015 and 10th February 2016 during the financial year ended 31st March 2016, where in all the committee members were present except Mr. P.S. Raman was not present for the meeting dated 21st May 2015 and Mrs. Nidhi Reddy was not present for the meetings held on 11th August 2015, 23rd October 2015, 14th November 2015 and 10th February 2016.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Listing Agreement read with SEBI (LODR) Regulations 2015 and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

The Committee consists of three non-executive independent directors, Mrs. Nidhi Reddy as its Chairman, Mr. N K Ranganath and Mr.P.S.Raman as its members.

During the year ended 31st March 2016, the Committee met once on 10th February 2016 where in all the committee members were present for the meeting.

The Committee formulates criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board the policy relating to the remuneration for the directors, Key Managerial Personnel and other employees and evaluation of Independent Directors and the Board. It identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carry out evaluation of every director's performance. The Authorized representative of the Committee was present at the Company's Annual General Meeting held on 25th September 2015 to answer the shareholders' queries.

Remuneration Policy

The Remuneration policy of the company has been structured to match the market trends of the industry, qualifications and experience of the employee and responsibilities handled by them.

The Policy inter alia provides for the following:

- attract, recruit, and retain good and exceptional talent;
- list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

Details of Remuneration to Directors

The Non executive directors do not draw any remuneration from the Company other than the sitting fees for attending each meeting of the Board and committees thereof. The Company pays sitting fees of Rs. 2,500/- to all the non-executive directors for attending each meeting of the Board and Rs.1, 500/- for each meeting of its committee thereof which is within the limits prescribed under the Companies Act, 2013.

During the financial year 2015-16, the sitting fee paid to Non - Executive Directors were as under:

Name of the Director	Sitting Fees (includes the fees paid for Committee Meetings) Rs.
Mr. N.K .Ranganath	34,500
Mr. P.S.Raman	12,500
Mrs. Nidhi Reddy	10,500

There are no other particular pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company. The Company pays remuneration by way of Salary, perquisites and allowances to the Managing Director and Executive Directors. Details of the remuneration and perquisites paid to the whole time directors are as under:

Name of the Director	Salary (Rs. in Lakhs)	Retirement Benefits	Total (Rs. in Lakhs)
Mr. Charath Ram Narsimhan*	Nil	Nil	Nil

No salary was paid to Mr. Charath Ram Narsimhan, Managing Director since appointment (Appointed w.e.f. 13th February 2013)

Stakeholders Relationship Committee

The Committee oversees and reviews all matters connected with share transfers, issue of duplicate share certificates, etc. The Committee also looks into the redressal of investors' grievances pertaining to transfer of shares and dematerialization, non-receipt of balance sheet, non-receipt of declared dividends, etc.

The Committee consists of three members and Mr.N.K.Ranganath, Non executive independent director as its Chairman and Mrs. Nidhi Reddy and Mr. Charath Ram Narsimhan as its members.

During the year ended 31st March 2016, the Committee met once on 10th February 2016 and there was no complaints pending to be resolved.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Ms. Uma Maheswari, company secretary was the compliance officer of the company till 30th March, 2016. For any clarification / complaint the shareholders may contact

Mr. Charath Ram Narsimhan, Managing Director at the registered office of the company.

Risk Management Committee

Business Risk Evaluation and Management (BRM) is an ongoing process within the Organization. The Company has a risk management framework to identify, monitor and minimize risks as also identify business opportunities. The Committee consists of Mr. V. Rajagopal as its Chairman and Mrs. Rama Rajagopal as Member.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan. There was no meeting held by the committee during the year.

Corporate Social Responsibility Committee

As required under section 135 of the Companies Act 2013, the company has formed CSR committee consisting of Mr.N.K.Ranganath-Chairman, Mr.V.Rajagopal-Member and Mrs.Rama Rajagopal-Member.

The terms of reference of CSR Committee shall, inter-alia, include the following:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time".

During the year ended 31st March 2016, the CSR Committee met once on 10th February, 2016.

Meeting of Independent Directors

During the year under review, the Independent Directors met on 10th February 2016, inter alia to discuss:

1. Evaluation of the performance of the Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present for the meeting.

Subsidiary Companies

The Company has no subsidiary Companies.

General Body Meetings

The details of the last three Annual General Meetings (AGMs) held were as under:

Financial Year	Day and Date	Time	Venue
2014-15	Friday, 25th September, 2015	2.30 P.M	Registered Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2013-14	Monday, 29th September, 2014	2.30 P.M	Registered Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2012-13	Monday, 23rd September, 2013	3.00 P.M	Registered Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.

The following special resolutions were passed by the members during the last 3 annual general meetings:

AGM held on 25.09.2015

No Special Resolution was passed at the AGM held on 25.09.2015.

AGM held on 29.09.2014

Special Resolution passed :

1. Borrowing powers of the Company

AGM held on 23.09.2013

Special Resolution passed:

1. Conversion of Loan into 1% Cumulative redeemable shares in accordance with Sections 80, 81, 81 (1A) of the Companies Act, 1956.
2. Conversion of Loan into Equity shares in accordance with Sections 81(1A) of the Companies Act, 1956 and SEBI (ICDR) Guidelines.

EGM / Postal Ballot /E-voting during 2015-16

No Extraordinary General Meeting was held during the financial year.

The details of Special Resolution(s) passed through Postal Ballot, Voting Pattern and Procedure for Postal Ballot are as under:

The Company successfully completed the process of obtaining approval of its Members on the following resolutions through postal ballot during the year 2015-16.

I. Postal Ballot Notice dated 11th March 2015:

1. Approval of transactions with Related Party.
 2. Approval for Sale of Immovable Property of the Company.
- The Board of Directors of the Company had appointed Mr. Bhaskar Swaminathan, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot/ e-voting process.
 - The Company completed the dispatch of the Postal Ballot Notice dated 11th March 2015 together with the Explanatory Statement on 19th March 2015, along with forms and postage prepaid self addressed business reply envelope to all the shareholders whose name(s) appeared on the Register of Members/list of beneficiaries as on 06th March 2015.
 - The e-voting period commenced on Friday, 20th March 2015 (9 a.m.) and ended on Saturday, 18th April 2015. (5 p.m.)
 - Particulars of postal ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
 - The postal ballot forms were kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
 - All postal ballot forms received upto 5.00 PM on 18th April 2015, had been considered for his scrutiny and envelopes containing postal ballot forms received after this had not been considered for his scrutiny.
 - The results of postal ballot were declared on 21st April 2015.

II. Postal Ballot Notice dated 23rd October 2015:

1. Alteration of Articles of Association.
 2. Sale of Immovable Property of the Company.
 3. Sale of Immovable property to Related Party.
- The Board of Directors of the Company had appointed Mr. Bhaskar Swaminathan, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot/ e-voting process.
 - The Company completed the dispatch of the Postal Ballot Notice dated 23rd October 2015 together with the Explanatory Statement on 01st November 2015, along with forms and postage prepaid self addressed business reply envelope to all the shareholders whose name(s) appeared on the Register of Members/list of beneficiaries as on 16th October 2015.
 - The e-voting period commenced on Monday, 2nd November 2015 (9 a.m.) and ended on Tuesday, 1st December 2015. (5 p.m.)
 - Particulars of postal ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.

- The postal ballot forms were kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- All postal ballot forms received upto 5.00 PM on 01st December 2015, had been considered for his scrutiny and envelopes containing postal ballot forms received after this had not been considered for his scrutiny.
- The results of postal ballot were declared on 7th December 2015.

Code of conduct

The Company has adopted a Code of Conduct for all board members and senior management of the Company. The Code has been communicated to the directors and the members of the Senior Management of the Company. The code has been displayed on the Company's website namely www.celebritygroup.com. All the members of the Board and senior management have confirmed compliance with the Code for the year ended, 31st March 2016. The annual report contains a declaration to this effect signed by the Chairman of the Company.

The Company has also framed a Code of Conduct for prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all directors/officers and designated employees of the company. The code regulates dealing in shares by the persons having access to the unpublished price sensitive information.

CEO / CFO CERTIFICATION

CEO and CFO have given the certificate as given in Part B of Schedule II of SEBI (LODR) Regulations 2015.

Related Party transactions

During the year, the Company had not entered into any transaction of a material nature with any of the related parties which may have potential conflict with the interest of the Company. The transactions of purchase/sale of finished goods, raw materials and job work with related parties have been made in the ordinary course of business and at arm's length.

The Company already took approval from the shareholders for a contract value of Rs. 40 Crores towards related party transactions on Purchase of Raw Materials, Issue of Job Work Orders and lease rentals. Further to above, during the year, the Company took specific approval from the Shareholders for the sale of Immovable Property to M/s. Indian Terrain Fashions Limited.

The above transaction with M/s. Indian Terrain Fashions Limited was on prevailing market conditions, carried at arm's length basis. However, in absence of any specific definition of term 'ordinary course of business', as a matter of prudence company took approval of the shareholders for the above mentioned transaction.

The Register of Contracts containing transactions, in which Directors are interested, is placed before the board regularly.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.(www.celebritygroup.com)

The Company has complied with the requirements of SEBI and stock exchanges on the matters relating to capital markets as applicable from time to time. There has been no instance of non-compliance by the company or penalty, strictures imposed on company by the stock exchanges or SEBI or any statutory authority, on any matter relating to capital markets, during last three years.

The company has complied with all the mandatory requirements of the code of corporate governance prescribed by the stock exchanges. In compliance with non-mandatory requirements, the company has constituted a Nomination and Remuneration Committee.

Whistle Blower Policy/Vigil Mechanism

The company has an established mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may make Protected Disclosures concerning financial or accounting matters, in writing to the Chairman of the Audit Committee of the Company, as soon as possible but not later than thirty consecutive days after becoming aware of the same. The Chairman of the Audit Committee of the Company shall finalise and submit the report and submit it to the Audit Committee for further action.

Means of Communication

The unaudited quarterly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year as per the requirements of the Listing Agreement and Listing Regulations with the Stock Exchanges. The aforesaid financial results are sent to BSE

Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to various news agencies/ analysts and are published within forty-eight hours in leading English and Tamil daily newspapers. The audited financial statements form part of the Annual Report which is sent to the Members in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: www.celebritygroup.com and can be downloaded.

GENERAL SHAREHOLDER INFORMATION

Financial Year

1st April to 31st March

Annual General Meeting and Date of Book Closure

This Corporate Governance Report was taken on record by the Board in their meeting held on 30th May 2016. The date and venue of the Annual General Meeting was not finalized in the Board Meeting. Hence the details as to the Schedule of Annual General Meeting and the dates of Book Closure have not been provided.

Listing on Stock Exchanges

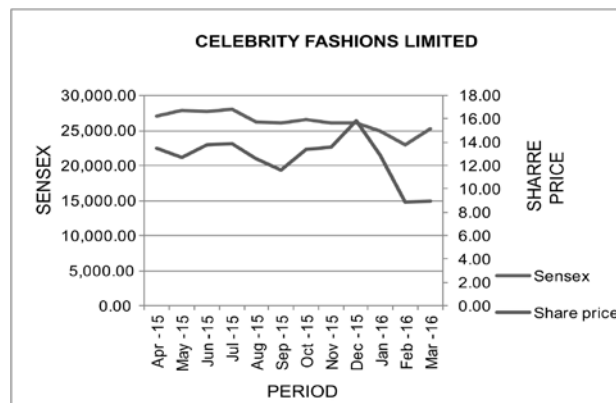
BSE Limited	National Stock Exchange of India Limited
Phiroze JeeJeebhoy Towers,	Exchange Plaza, Block G,
Dalal Street,	Bandra Kurla Complex, Bandra (East),
Mumbai 400 001	Mumbai 400 051
Stock Code: "532695"	Stock Code: "CELEBRITY"

Market Price Data

(Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-15	16.80	11.58	113068	17.05	11.20	247615
May-15	15.34	12.28	86724	15.90	12.30	87516
Jun-15	14.39	11.35	63613	14.95	11.05	139856
Jul-15	15.70	12.62	262761	15.60	12.75	589116
Aug-15	21.73	12.01	1014200	21.45	11.60	1480614
Sep-15	12.89	10.44	99234	12.85	10.45	127435
Oct-15	15.32	11.51	113386	15.70	11.60	210625
Nov-15	14.08	11.49	126525	14.55	11.50	194262
Dec-15	18.80	13.00	560592	17.30	12.85	893436
Jan-16	18.50	11.25	283662	17.20	11.00	578794
Feb-16	13.20	8.80	87764	13.50	8.45	180218
Mar-16	10.68	8.50	183220	10.80	8.50	212484

Celebrity Fashions Limited Share Price Performance in comparison with BSE Sensex



Registrar and Share Transfer Agents

M/s. Link Intime India Private Limited, Mumbai are the Registrar and Share Transfer agents for handling physical and electronic registry work. The Shareholders are requested to address their share related requests/ queries to the RTA. The contact address of the registrar and share transfer agent is as follows:

M/s. Link Intime India Private Limited
C - 13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W),
Mumbai 400 078
Tel: + 91 22 2596 3838
Fax : + 91 22 2596 2691

Website : www.linkintime.co.in

Share Transfer System

The Board has delegated the powers to approve share transfers, transmissions, rematerialisation by constituting a Stakeholders Relationship Committee. As 99.99% of the shares were held in dematerialized mode, the transfers of those shares were done through the depositories with no involvement of the company.

The physical share transfer, transmissions are processed based on number of requests received. The shares lodged for transfers are processed and registered as per the requirements of the listing regulations if the documents are complete in all respects.

Distribution of Shareholding:

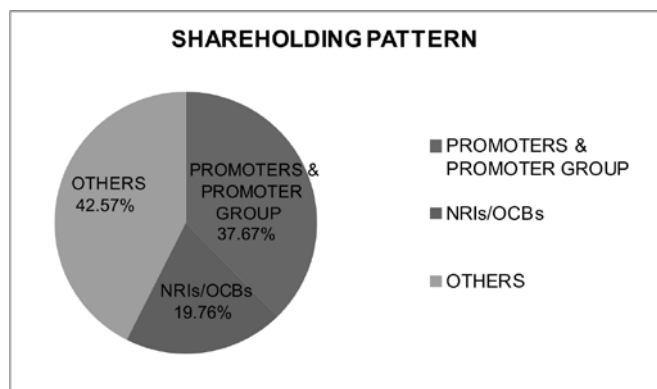
Distribution of Shareholding as on 31st March 2016 is as under:

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
1-500	1,142,401	11,424,010	2.93%	10629	86.11%
501-1000	661,495	6,614,950	1.70%	790	6.40%
1001-2000	675,061	6,750,610	1.73%	427	3.46%
2001-3000	389,829	3,898,290	1.00%	151	1.22%
3001-4000	237,209	2,372,090	0.61%	67	0.54%
4001-5000	391,952	3,919,520	1.00%	81	0.66%
5001-10000	707,600	7,076,000	1.81%	97	0.79%
Greater than 10000	34,798,218	347,982,180	89.22%	101	0.82%
Grand Total	39,003,765	390,037,650	100.00%	12343	100.00%

Shareholding Pattern as on 31st March 2016

Category	No. of Shares	Percentage
Promoter and promoter group		
Promoter and promoter group	14692781	37.67
Sub Total	14692781	37.67
NRIs/OCBs		
Foreign Company	2180431	5.59
Foreign Nationals		
Non Resident Indians	78384	0.20
Foreign Institutional Investors	3350000	8.59
Foreign Portfolio Investor	2100000	5.38
Sub Total	7708815	19.76
Others		
Clearing Members	86999	0.22
Financial Institutions/ Banks	7469100	19.15
Private Corporate Bodies	1983048	5.08
Public	6670171	17.10
Others	392851	1.01
Sub Total	16602169	42.57
Total	39003765	100.00

Graphical Representation of the Shareholding pattern



Dematerialisation of Shares and liquidity

The Equity Shares of the company were admitted in the following depositories under International Securities Identification number (ISIN) No. INE185H01016 considering the benefits embedded in holding and trading of the securities in electronic form.

Name of the depository	Address
National Securities Depository Limited	4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited	28th Floor, Phiroze Jee Jeebhoy Towers, Dalal Street, Mumbai - 400 001.

As at 31st March 2016, 39003600 Equity shares aggregating to 99.99% were held in dematerialized form.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments up to the financial year 2015 - 16.

Plant Locations

Plot C2, Survey Nos. 24, 25 and 54, Phase II, MEPZ – SEZ, Tambaram, Chennai - 600045.

No.208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai – 601302

No.70/2 & 3A, Selaiyur Agaram Thiruvanchery, Chennai-600 073.

Address for correspondence

Celebrity Fashions Limited
Registered & Corporate Office
SDF - IV & C2, 3rd Main Road,
MEPZ - SEZ, Tambaram,
Chennai 600 045.
Tel : + 91 44 43432200
Fax : +91 44 22622897, 22628184
Email : investorservices@celebritygroup.com
Website : www.celebritygroup.com

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members Celebrity Fashions Limited

We have examined the Compliance of conditions of Corporate Governance by Celebrity Fashions Limited for the year ended 31st March 2016, as stipulated under Schedule V (E) 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 procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 30th May 2016
Place: Chennai

For CNGSN & Associates LLP
Chartered Accountants
F.R.No.004915S

C.N. Gangadaran
Partner
Membership No.11205

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted the Code of Conduct for its employees including the Directors and Senior Management Personnel. The Code of Conduct is posted on the Company's website. I confirm that the Company has in respect of the financial year ended March 31, 2016, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, the Senior Management Team means Members of the Management one level below Executive Directors as on March 31, 2016.

Date : May 30, 2016
Place: Chennai

V. Rajagopal
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Celebrity Fashions Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Celebrity Fashions Limited ("the Company"), which comprise the Balance sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation and presentation of these Financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profits and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 25 of the Financial Statements which discloses that as at the date of the Balance Sheet the Company has significant accumulated losses. We have evaluated the appropriateness of the 'going concern' concept in accordance with SA-570, based on such evaluation, in our opinion and on the basis of the information and explanations given to us, we report that we have obtained sufficient evidence to establish the continuance of the Company as a going concern. The financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Companies Act, 2013, 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 purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards 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, 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act; and
 - 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 B'; and
 - g. 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, 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 financial statements as referred to in Note 28(c) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S

G. ANIL
Partner
Membership Number 22450

Place: Chennai
Date : May 30, 2016

for CNGSN & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number 004915S /S200036

C.N. GANGADARAN
Partner
Membership Number 11205

ANNEXURE-A TO THE AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2016, we report that:

1. In respect of its Fixed Assets:
 - a. On the basis of available information, we report that the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased periodical manner designed to cover all the items over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no discrepancies were noticed on such verification. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. In respect of its inventories :
 - a. As explained to us, the inventories of the Company have been physically verified during the year, by the management, at the reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. According to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared with book records.
3. 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. Therefore in our opinion, the provisions of clause(iii) (a) (b) and (c) of paragraph 3 of the said Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore in our opinion the provisions of Clause (v) of paragraph 3 of the Order (as amended) are not applicable to the Company.
6. To the best of our knowledge and as explained to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the products/services manufactured/rendered by the Company.
7. In respect of statutory dues:
 - a. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues, including provident fund, employees state insurance scheme, income tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable, have been regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance scheme, income tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us, the following dues of Income Tax and Fringe Benefit Tax have not been deposited by the Company on account of disputes:-

Name of the Statute	Nature of Dues	Assessment year to which the amount relates	Forum Where the dispute is pending	Amount (in ₹.)
Income Tax Act, 1961	Income Tax	2003-2004	Pending before the Assessing Officer	526,669*
Income Tax Act, 1961	Income Tax	2004-2005	Pending before the Assessing Officer	961,087*
Income Tax Act, 1961	Fringe Benefit Tax	2007-2008	Pending for rectification before the Assessing Officer	699,860
Income Tax Act, 1961	Fringe Benefit Tax	2008-2009	Pending for rectification before the Assessing Officer	601,600
Income Tax Act, 1961	Income Tax	2011-2012	Pending for rectification before the Assessing Officer and appeal before the Commissioner of Income Tax Appeals, Chennai	114,652
Income Tax Act, 1961	Income Tax	2012-13	Pending for appeal before the Commissioner of Income Tax Appeals, Chennai	5,028,975
Total				7,932,843

* Relating to Income Tax dues of partnership firm Celebrity Connections

8. Based on our audit procedures and according to the information and explanations given to us, by the management we are of the opinion that the Company has not defaulted in repayment of loans and borrowings to a financial institution, bank, or government. The company has not issued any debentures.
9. According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised in our opinion have been applied by the Company for the purposes for which they were obtained.
10. 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.
11. According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not paid any Managerial Remuneration. Accordingly in our opinion paragraph 3(xi) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
13. 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 financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transaction with the directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

for ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S

G. ANIL
Partner
Membership Number 22450

Place : Chennai
Date : May 30, 2016

for CNGSN & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number 004915S /S200036

C.N. GANGADARAN
Partner
Membership Number 11205

ANNEXURE – B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls 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 Celebrity Fashions Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 ('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 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both issued by the Institute of Chartered Accountants of India. 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 operate 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

Opinion

In our opinion, the Company has, in all materials 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, 2016, 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 ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S

G. ANIL
Partner
Membership Number 22450

Place : Chennai
Date : May 30, 2016

for CNGSN & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number 004915S /S200036

C.N. GANGADARAN
Partner
Membership Number 11205

Balance Sheet as at 31st March 2016

₹. In Crores

Particulars	Note No.	As at 31-Mar-16	As at 31-Mar-15
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	2	64.10	64.10
(b) Reserves and Surplus	3	(41.72)	(63.12)
		22.38	0.98
2 Non-Current Liabilities			
(a) Long-term borrowings	4	24.35	27.27
(b) Deferred tax liabilities (Net)	5	-	-
(c) Other Long-term liabilities	6	0.05	1.39
		24.40	28.66
3 Current Liabilities			
(a) Short-term borrowings	7	43.31	20.60
(b) Trade payables	8	24.68	18.72
(c) Other current liabilities	9	13.57	45.20
(d) Short-term provisions	10	2.91	2.42
		84.47	86.94
Total		131.25	116.58
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible assets		45.91	58.40
(ii) Intangible assets		0.05	0.11
		45.96	58.51
(b) Long-term loans and advances	12	3.22	2.86
(c) Other non-current assets	13	3.73	3.27
		52.91	64.64
2 Current Assets			
(a) Inventories	14	36.06	26.78
(b) Trade receivables	15	36.11	18.27
(c) Cash and Bank Balances	16	1.91	2.19
(d) Short-term loans and advances	17	0.48	0.43
(e) Other current assets	18	3.78	4.27
		78.34	51.94
Total		131.25	116.58

 See Accompanying Notes to Financial Statements
 To be read with our report of even date

1

 For Anil Nair & Associates
 Chartered Accountants
 ICAI Firm Registration No. 000175S

 For CNGSN & Associates LLP
 Chartered Accountants
 ICAI Firm Registration No. 004915S / S200036

 For and on Behalf of the Board
 V. Rajagopal
 Chairman

 G.Anil
 Partner
 Membership No. 22450

 C.N.Gangadaran
 Partner
 Membership No. 11205

 L.Visalakshi
 Chief Financial Officer

 Charath Ram Narsimhan
 Managing Director

Chennai, 30 May 2016

Statement of Profit and Loss for the Year Ended 31st March 2016

₹. In Crores (except per share data)

Particulars	Note No.	for the year ended 31-Mar-16	for the year ended 31-Mar-15
I Revenue from Operations (gross)	19	197.27	205.87
Less: Excise Duty		0.06	-
Revenue from Operations (net)		197.21	205.87
II Other Income	20	2.37	3.58
Total Revenues		199.58	209.45
III Expenses			
a Cost of Materials	21	109.94	107.94
b Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec	21	(8.33)	0.62
d Employee Benefit Expenses	22	53.67	54.37
e Other Expenses	23	33.29	32.68
		188.57	195.61
IV Earnings before Interest, Depreciation and Tax		11.01	13.84
a Finance Costs	24	8.65	9.33
b Depreciation		8.05	6.80
		16.70	16.13
V Profit / (Loss) before Tax before Exceptional & Extra-Ordinary Items		(5.69)	(2.29)
VI Exceptional Item			
Profit on sale of immovable property		27.09	-
VII Extra-Ordinary Item		-	-
VIII Profit / (Loss) before Tax after Exceptional & Extra-Ordinary Items		21.40	(2.29)
IX Tax Expenses			
a Current Tax Expense		-	-
b Deferred Tax		-	-
		-	-
X Profit / (Loss) for the Period		21.40	(2.29)
XI Earnings Per Share - In Rs. before Extra-Ordinary Item			
-- Basic		5.49	(0.60)
-- Diluted		5.49	(0.60)
XII Earnings Per Share - In Rs. after Extra-Ordinary Item			
-- Basic		5.49	(0.60)
-- Diluted		5.49	(0.60)

See Accompanying Notes to Financial Statements

1

To be read with our report of even date

 For Anil Nair & Associates
 Chartered Accountants
 ICAI Firm Registration No. 000175S

 For CNGSN & Associates LLP
 Chartered Accountants
 ICAI Firm Registration No. 004915S / S200036

 For and on Behalf of the Board
 V. Rajagopal
 Chairman

 G.Anil
 Partner
 Membership No. 22450

 C.N.Gangadaran
 Partner
 Membership No. 11205

 L.Visalakshi
 Chief Financial Officer

 Charath Ram Narsimhan
 Managing Director

Chennai, 30 May 2016

NOTES TO THE ACCOUNTS AS AT 31ST MARCH 2016
1 Significant Accounting Policies
1.1 Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements are presented in Indian rupees rounded off to the nearest rupee in crores.

1.2 Use of Estimates

The preparation of the financial statements in conformity of the GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Although these estimates are based upon the management best knowledge of current events and actions, actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material their effects are disclosed in the notes to the financial statements.

1.3 Revenue Recognition

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes Sales (net of trade discounts and rebates) which are recorded when the significant risks and rewards of ownership are transferred. Export Sales are accounted on the basis of the dates of Bill of Lading and other delivery documents as per the contract. Domestic Sales excludes Sales Tax and Value Added Tax. Export Incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

Other Operating Income represents conversion charges received by the Company from contract manufacturing activities and the same is accounted when the significant risks and rewards of ownership are transferred.

Rental Income on properties leased are accounted on accrual basis.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where no reliable estimate can be made, a disclosure is made as a contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

1.5 Fixed Assets
Tangible Assets

Tangible assets are stated at cost of acquisition, less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including taxes, duties, freight, and other incidental expenses related to acquisition. Any trade discounts and rebates are deducted in arriving at the purchase price. Direct costs are capitalized until such assets are ready for use.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Intangible Assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization / depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs and any cost directly attributable in bringing the asset to its working condition for the intended use.

1.6 Depreciation and Amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

Additional depreciation is being provided to the extent required during the year of sale of assets. Assets, for which the estimated useful life is completed, have been removed from gross block and accumulated depreciation.

The Management estimates the useful lives for fixed assets (tangible and intangible) as follows:

Category of Assets	Useful life under Companies Act, 2013	Useful life estimated by the Management
Buildings - Factory	30	30
Buildings - Office	60	60
Plant & Machinery*	15	18
Electrical Installation*	10	14
Office Equipments	5	5
Computers	3	3
Vehicles	8	8
Furniture & Fixtures	10	10
Computer Software (Intangible)	3	3

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

1.7 Impairment

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

1.8 Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

1.9 Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that which approximates the actual rate at the date of the transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent on the date of transaction. Monetary items denominated in foreign currencies at the year end are restated at year end rates. Any income or expense on account of exchange differences either on settlement or on translation is recognized in the Statement of Profit and Loss.

The Company uses forward contracts to mitigate its risks associated with foreign currency exchange rates. The Company does not use the foreign exchange forward contracts of options for trading or speculating purpose. The premium

NOTES TO THE ACCOUNTS AS AT 31ST MARCH 2016

or discount on foreign exchange forward contracts is amortized as income or expense over the life of the contract. The exchange difference is calculated and recorded in accordance with AS-11 - 'The Effects of Changes in Foreign Exchange Rates' (revised) in the Statement of Profit and Loss.

1.10 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or non-current (long term) based on Management's intention at the time of purchase. Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments.

Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value of each investment individually.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

1.11 Inventories

Raw Materials and Components are valued at lower of Cost or Net Realizable Value. Cost of the said is computed by applying Specific Identification Method. Work in Progress and Finished Goods are valued at lower of Cost or Net Realizable Value. Cost of these inventories includes Costs of Conversion and Other costs incurred in bringing them to the present location and condition.

1.12 Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits in the nature of salary, wages, bonus, leave encashment and the expected cost of gratia are recognized and accounted for on accrual basis in the period in which the employee renders the related service.

A) Defined Contribution Plans

Provident Fund and Employees State Insurance Scheme is a defined contribution plan, each eligible employee and the Company makes equal contributions at a percentage on the basic salary specified under the Employees' Provident Funds and Miscellaneous Provision Act, 1952 and Employees State Insurance Act, 1948 respectively. The Company's contributions are charged to the statement of profit and loss in the year when the contributions to the respective funds are due. The Company has no further obligations under the plan beyond its periodic contributions.

B) Defined Benefit Plan

The Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering the eligible employees.

The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of the employee's employment with the Company.

The Employees Gratuity Scheme which is a defined benefit plan, is managed by trust maintained with Reliance Life Insurance and SBI Life Insurance. The liability with respect to gratuity plan is determined by an independent actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Group Gratuity Scheme. Obligation is measured at the present value of the estimated future cash flows using a discount rate that is determined with reference to market yields at the Balance Sheet date on Government Bonds, where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

1.13 Taxation

Tax expense comprises of current and deferred tax. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier

periods. Deferred tax assets and liabilities are measured, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future. In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain as the case may be, that future taxable income will be available against which such deferred tax assets can be realized.

1.14 Accounting of Government Grants:

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is netted off with the relevant expense. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

1.15 Segment reporting:

The Company has considered business segment as the primary segment for disclosure. The Company is primarily engaged in a single segment business of manufacturing garments and is managed as one entity and is governed by a similar set of risks and return.

1.16 Earnings per Share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on deposit with Banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the maximum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term.

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
2 SHARE CAPITAL		
a Authorised, Issued, Subscribed and Paid-Up Share Capital		
Authorized Share Capital:		
4,40,00,000 (Previous Year 4,40,00,000) Equity Shares of ₹.10/- each	44.00	44.00
2,60,00,000 (Previous Year 2,60,00,000) 1% Cumulative Redeemable Preference Shares of ₹.10/- each	26.00	26.00
Issued, Subscribed and Paid up Capital:		
3,90,03,765 (Previous Year 3,90,03,765) Equity Shares of ₹.10/- each	39.00	39.00
2,51,04,500 (Previous Year 2,51,04,500) 1% Cumulative Redeemable Preference Shares of ₹.10/- each	25.10	25.10
Total	64.10	64.10
b Reconciliation of the number of shares		
Number of Equity Shares outstanding at the beginning of the year	39,003,765	36,353,765
Add: Number of Equity Shares issued during the year	-	2,650,000
Number of Equity Shares outstanding at the end of the year	39,003,765	39,003,765
Number of 1% Cumulative Redeemable Preference Shares outstanding at the beginning of the year	25,104,500	25,104,500
Add: Number of 1% Cumulative Redeemable Preference Shares issued during the year	-	-
Number of 1% Cumulative Redeemable Preference Shares outstanding at the end of the year	25,104,500	25,104,500
c Rights, Preferences and Restrictions attached to each Class of Shares		
The Company has two classes of shares:		
Equity Shares having a par value of ₹.10/- each with voting rights. Each holder of Equity Share is entitled to one vote per share.		
1% Cumulative Redeemable Preference Shares of ₹.10/- each. The Cumulative Redeemable Preference Shares carry a dividend of 1% p.a. and will be redeemed in equal annual installments between FY 2022 and FY 2026.		
In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of Equity Shares held by the shareholders, after distribution of all preferential amounts.		
d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates	NIL	NIL
e Details of Equity Shares held by each Shareholder holding more than 5%		

Name of the Shareholder	As at 31-Mar-16		As at 31-Mar-15	
	No. of Shares	% held	No. of Shares	% held
Mr. V. Rajagopal	96,42,981	24.7%	96,42,981	24.7%
Mrs. Rama Rajagopal	50,42,054	12.9%	50,42,054	12.9%
M/s State Bank of India	74,69,100	19.1%	74,69,100	19.1%
M/s New Vernon Private Equity Limited	21,80,431	5.6%	33,51,577	8.6%
M/s Leman Diversified Fund	33,50,000	8.6%	33,50,000	8.6%
M/s Davos International Fund	21,00,000	5.4%	21,00,000	5.4%
f Details of 1% Cumulative Redeemable Preference Shares held by each Shareholder more than 5%				
State Bank of India	251,04,500	100.0%	251,04,500	100.0%
g Shares reserved for issuance	NIL		NIL	
h Shares allotted for consideration other than cash during the last 5 years	NIL		NIL	

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
3 RESERVES AND SURPLUS		
a Securities Premium Reserve		
Opening Balance	2.05	2.05
Add: Additions during the year	-	-
Closing Balance	2.05	2.05
b Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(65.17)	(61.76)
Less: Value of Assets whose useful life has expired	-	(1.12)
Add: Profit / (Loss) for the year	21.40	(2.29)
Closing Balance	(43.77)	(65.17)
Total	(41.72)	(63.12)
4 LONG TERM BORROWINGS		
Secured		
Term loans from Banks		
Clean Term loans	6.31	7.95
Rent Plus Term loans	0.60	1.11
Funded Interest Term loans	17.44	18.21
Total	24.35	27.27

Details of Term loans - Bank wise, Repayments and Security

Term loans from State Bank of India	26.48	59.72
Loans Classified under Other Current Liabilities - being current maturities of long term borrowings	2.13	32.45
Long Term Borrowings	24.35	27.27

The above term loans extended by State Bank of India (SBI) are secured by hypothecation of current assets including stock and receivables. Also the loans are additionally secured by the following collaterals.

The Lease rental receivables from the property let out on lease are assigned to Rent - plus Term Loans extended by State Bank of India (SBI).

The loans are additionally secured by the following collaterals.

Hypothecation charge of the entire plant & machinery Extension of EM over land & building at 107A, GST Road, Chrompet, Chennai.

Equitable mortgage over leasing rights of land (2.306 acres) and building (168050 sq.ft) at plot no.C-2, Phase II, and survey no.24,25 &54 , MEPZ, Tambaram.

Pledge of 53,52,516 shares belonging to the Promoter Directors.

Personal Guarantee of Promoter Directors

The maturity profile and rate of interest of the above loans are as set out below:

Rates of Interest

Clean Term loan - Base Rate less 5.75%

Rent Plus Term loan - Base Rate plus 3%

Funded Interest Term loan - Zero %

Year	Clean Term loan	Rent Plus Term loan	Funded Interest Term loan	Total
2016 - 17	1.59	0.54		2.13
2017 - 18	1.59	0.55		2.14
2018 - 19	1.59			1.59
2019 - 20	1.59		17.44	19.03
2020 - 21	1.59			1.59
	7.95	1.09	17.44	26.48

There were no pending obligations on interest and debt repayment to the lender, State Bank of India as on 31st March 2016.

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
5 DEFERRED TAX LIABILITIES		
Deferred Tax Liability	-	-
Deferred Tax Asset on Unabsorbed Depreciation & Business Loss	-	-
In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company has deferred tax assets which have not been recognized due to absence of virtual certainty backed by convincing evidence of sufficient future taxable income against which such assets could be offset.		
During the previous year, the Company had recognized deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of corresponding deferred tax liability.		
Total	-	-
6 OTHER LONG-TERM LIABILITIES		
a Trade Payables	0.04	0.13
b Others:		
Rental security deposit	-	0.82
Accrued Expenses	0.01	0.44
Total	0.05	1.39
The Company has sold the Thiruvanchery property to its group Company Indian Terrain Fashions Limited. The Rental security deposit of ₹.0.82 crs has therefore been adjusted against the payments received Refer Note 29 (C)		
7 SHORT-TERM BORROWINGS		
a Loans Repayable on Demand from Banks		
Secured:		
Working Capital Facilities	19.61	9.78
Export Bills Discounted	23.70	10.82
The above facilities in the form of Export Packing Credit, Cash Credit and Export Bills Discounting facility are secured by way of charge on the inventories of the Company in the form of Raw Materials, Stock in Process and Finished Goods, Receivables and Other Current Assets. Also the loans are additionally secured by the following collaterals.		
Hypothecation charge of the entire plant & machinery		
Extension of EM over land & building at 107A, GST Road, Chrompet, Chennai.		
Equitable mortgage over leasing rights of land (2.306 acres) and building (168050 sq.ft) at plot no.C-2, Phase II, and survey no.24, 25 & 54, MEPZ, Tambaram.		
Pledge of 53,52,516 shares belonging to the Promoter Directors.		
Personal Guarantee of Promoter Directors		
Total	43.31	20.60
8 TRADE PAYABLES		
a Micro, Small and Medium Enterprises	-	-
b Others	24.68	18.72
Total	24.68	18.72
The Company has not received any Memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2016 as Micro, Small or Medium Enterprises (MSME). Consequently the amount payable to these enterprises during the year is ₹ NIL (Previous Year ₹ NIL)		
Others include Bills Acceptances of ₹.14.83 crs (Previous Year ₹.8.38 crs)		
9 OTHER CURRENT LIABILITIES		
a Current Maturities of Long-Term Borrowings		
Term loans from Banks		
Clean Term Loans	1.59	9.16
Other Term Loans	-	21.41
Rent Plus Term Loans	0.54	1.88
	2.13	32.45
b Interest accrued and due on Borrowings		
On Borrowings from State Bank of India	-	1.10

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
c Accrued Salaries and Benefits		
Salaries and Wages Payable	2.85	2.61
Bonus Payable	2.60	2.50
	5.45	5.11
d Other Liabilities		
Withholding and Other Taxes Payable	0.97	1.11
Accrued Expenses	5.02	5.43
	5.99	6.54
Total	13.57	45.20

10 SHORT-TERM PROVISIONS

a Provision for Employee Benefits		
Provision for Unavailed leave	2.09	1.86
Provision for Gratuity (Refer Note 31)	0.82	0.56
Total	2.91	2.42

11 FIXED ASSETS
TANGIBLE ASSETS

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/15	Additions	Deductions/ Adjustments	As on 31/03/16	As on 01/04/15	For the year	Deductions/ Adjustments	As on 31/03/16	As on 31/03/16	As on 31/03/15
1	Land and Site Development	1.71	-	1.24	0.47	-	-	-	-	0.47	1.71
2	Buildings	27.40	-	6.65	20.75	10.84	0.45	3.68	7.61	13.14	16.56
3	Plant & Machinery	64.03	0.63	5.14	59.52	29.50	5.63	4.50	30.63	28.89	34.53
4	Electrical Installation	9.67	-	2.02	7.65	5.33	0.88	1.56	4.65	3.00	4.34
5	Office Equipments	0.33	0.02	0.03	0.32	0.26	0.03	0.02	0.27	0.05	0.07
6	Computers	0.43	0.08	0.01	0.50	0.30	0.10	0.01	0.39	0.11	0.13
7	Vehicles	0.01	0.10	-	0.11	-	0.01	-	0.01	0.10	0.01
8	Furniture & Fixtures	4.41	-	0.12	4.29	3.36	0.90	0.12	4.14	0.15	1.05
	Total	107.99	0.83	15.21	93.61	49.59	8.00	9.89	47.70	45.91	58.40
	Previous Year	119.00	0.99	11.99	107.99	53.79	6.62	10.82	49.59	58.40	65.20

INTANGIBLE ASSETS

Sl. No.	Particulars	Gross Block				Amortization				Net Block	
		As on 01/04/15	Additions	Deductions/ Adjustments	As on 31/03/16	As on 01/04/15	For the year	Deductions/ Adjustments	As on 31/03/16	As on 31/03/16	As on 31/03/15
1	Computer Software	0.36	-	-	0.36	0.26	0.05	-	0.31	0.05	0.10
	Total	0.36	-	-	0.36	0.26	0.05	-	0.31	0.05	0.10
	Previous Year	2.21	0.09	1.94	0.36	2.00	0.18	1.94	0.25	0.10	0.21

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
12 LONG-TERM LOANS AND ADVANCES		
Unsecured and considered good		
a Security Deposits	2.93	2.57
b Advance Income Tax (Net of Provision)	0.29	0.29
Total	3.22	2.86
13 OTHER NON-CURRENT ASSETS		
Others		
a Interest accrued on Fixed Deposits	0.05	0.06
b Receivable from Government Authorities		
Duty Drawback Receivable	-	0.09
Service Tax Receivable	0.89	0.90
Cenvat Receivable	0.22	0.22
c Withholding Taxes Receivable	2.57	2.00
Total	3.73	3.27
Duty Drawback and Service Tax receivable amounting to ₹. Nil (Previous Year ₹. 0.09) and ₹.0.89 crs (Previous Year ₹. 0.90 crs) respectively have been outstanding for a period exceeding 12 months and accordingly has been grouped under Other Non Current Assets.		
14 INVENTORIES		
a Raw Materials	14.75	13.80
b Work-in-Progress	1.88	2.30
c Finished Goods	19.43	10.68
Total	36.06	26.78
Raw Materials include Stock in Transit of ₹.NIL (Previous Year ₹.1 cr)		
15 TRADE RECEIVABLES		
Unsecured and considered good		
a Trade receivables outstanding for a period exceeding six months	-	-
b Others	36.11	18.27
Total	36.11	18.27
Trade Receivables include ₹. 1.55 crs (Previous Year ₹.4.03 crs) receivable from Company under Significant Influence or Control of Key Managerial Personnel (Refer Note 29 (d)(iii))		
16 CASH AND BANK BALANCES		
a Cash and cash equivalents		
Balances with Banks in Current Account	0.19	0.66
Cash on hand	0.28	0.20
	0.47	0.86
b Other Bank Balances		
Fixed Deposits with Banks	1.44	1.33
Total	1.91	2.19
Fixed deposits with banks include deposits of ₹. 0.99 crs with a maturity of more than 3 months, but less than 12 months (Previous Year ₹. 1.33 crs)		
Fixed deposits with banks comprises of restricted bank balances of ₹.1.27 crs (Previous year ₹.1.17 crs) The restrictions are primarily on account of fixed deposits held as margin money against borrowings / bank guarantees.		
17 SHORT-TERM LOANS AND ADVANCES		
Unsecured and considered good		
Others		
a Advances		
Prepaid Expenses	0.21	0.11
Loans and advances to Employees	0.27	0.32
Total	0.48	0.43

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
18 OTHER CURRENT ASSETS		
Unsecured and considered good		
a Advances to suppliers of goods and services	0.67	0.40
b Amount Receivable / (Payable) on Forward Contracts	0.33	0.19
c Rent Receivable	0.78	1.49
d Balances with Government Authorities		
Duty Drawback Receivable	0.97	1.24
Service Tax Receivable	0.72	0.76
VAT - Input Credit	0.31	0.19
Total	2.00	2.19
19 REVENUE FROM OPERATIONS (GROSS)		
a Sale of Products		
Manufactured goods		
Exports	162.56	160.44
Domestic (Gross)	16.07	17.98
b Other Operating Revenues		
Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)	(0.10)	2.22
Income from Job Contract Manufacturing Activities	14.56	21.58
Export Incentives	4.18	3.65
Total	197.27	205.87
20 OTHER INCOME		
a Interest income	0.14	0.14
b Profit on redemption of mutual funds and sale of non-current investments (net)	-	0.03
c Rental income	2.23	3.36
d Profit on sale of fixed assets (net)	-	0.05
Total	2.37	3.58
Interest income comprises:		
Interest on fixed deposits with Banks	0.11	0.12
Interest on employee loans	0.03	0.02
Profit on redemption of mutual funds and sale of non-current investments (net) comprises:		
Profit on redemption of mutual funds	-	0.08
Loss on sale of non-current investments in Subsidiary Company - Celebrity Clothing Limited	-	(0.05)
Rental income includes a sum of ₹. Nil (Previous year ₹.1.26 crs) pertaining to previous years rent receivable on leased property.		
The Company has sold two of its non-operational properties during the year. The sale has fetched a gain of Rs.27.09 crores and the same has been treated as Exceptional item in the Statement of Profit & Loss.		
21 COST OF MATERIALS		
Opening Stock of Materials	12.80	10.58
Add: Purchases of Materials	111.89	110.16
Closing Stock of Materials	14.75	12.80
Total	109.94	107.94
CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC		
Closing Stock		
Finished Goods	19.43	10.68
Work-in-Progress	1.88	2.30
Opening Stock		
Finished Goods	10.68	11.32
Work-in-Progress	2.30	2.28
Total	(8.33)	0.62

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
22 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	46.19	46.95
Statutory Contributions	5.11	5.05
Staff Welfare Expenses	2.37	2.37
Total	53.67	54.37
23 OTHER EXPENSES		
Subcontracting and Garment Processing Costs	5.14	4.33
Consumables	1.14	1.36
Power & Fuel	3.81	3.97
Rent	4.36	4.78
Insurance	0.56	0.45
Maintenance Expenses	3.40	2.90
Rates and Taxes	0.32	0.12
Shipping Charges	2.78	1.81
Export Expenses	0.07	0.31
Travelling & Conveyance	7.55	8.68
Consultancy Charges	0.69	0.75
Communication Expenses	0.78	0.56
Selling Commission & Discounts	0.19	0.19
Printing & Stationery	0.55	0.51
Auditors' Remuneration	0.06	0.07
Other Miscellaneous Expenses	1.89	1.89
Total	33.29	32.68
Auditors' Remuneration includes ₹.4.50 lakhs (Previous Year ₹.4.78 lakhs) against Statutory Audit, ₹.0.70 lakhs (Previous Year ₹.0.74 lakhs) against Tax Audit. Secretarial Audit Fee ₹.1.00 lakh (Previous year ₹.Rs.1.00 lakh)		
An amount of ₹.4.17 lakhs (Previous Year ₹.2.07 lakhs) was paid to the Auditors towards certification, out-of-pocket expenses and for representation in taxation matters and Tax Audit and the same is classified under Consultancy Charges		
Directors Sitting Fee of ₹.0.58 lakhs (Previous year Rs.0.42 lakhs) is grouped under Other Miscellaneous expenses		
24 FINANCE COSTS		
a Interest on		
Term loans	2.38	3.36
Working Capital & Others	5.17	4.51
b Other Borrowing Costs - Bank Charges	1.10	1.27
c Net (Gain) / Loss on Foreign Currency Transactions (considered as Finance Costs)	-	0.19
Total	8.65	9.33

25 The company has significant accumulated losses. In this connection, the company has implemented various initiatives to improve on the efficiencies and control the losses.

In view of the various strategic initiatives that the Company is exploring, it is confident of being able to continue and operate the business on a "Going Concern" basis and accordingly the financial statements have been prepared on the same lines.

26 For the year ended March 31, 2016 the Company has not declared dividend on its Cumulative Redeemable Preference Shares in view of carry forward losses. The arrear of dividend on Cumulative Redeemable Preference Shares of Rs. 0.63 crs has been disclosed as a Contingent Liability.

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores (except per share data)

Particulars	As at 31-Mar-16	As at 31-Mar-15
27 EARNINGS PER SHARE		
Earnings Per Share - In ₹. before Extra-Ordinary Income		
Basic	5.49	(0.60)
Diluted	5.49	(0.60)
Earnings Per Share - In ₹. after Extra-Ordinary Income		
Basic	5.49	(0.60)
Diluted	5.49	(0.60)
Earnings per Share is calculated as under:		
a Numerator		
Net Profit after Tax as disclosed in Statement of Profit and Loss before Extra-ordinary item	21.40	(2.29)
Net Profit after Tax as disclosed in Statement of Profit and Loss after Extra-ordinary item	21.40	(2.29)
b Denominator		
Weighted Average Number of Equity Share Outstanding		
Basic	39,003,765	38,132,532
Diluted	39,003,765	38,132,532
c Nominal Value of Equity Share (In ₹.)	10.00	10.00
28 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)		
a Guarantees given by Banks and counter Guaranteed by the Company	-	-
b On account of Letters of Credit issued by Bankers on behalf of the Company	0.46	1.64
c Claims against Company not acknowledged as debts being petition/ appeals pending before the Assessing Officer/ Commissioner of Income Tax (Appeals).	0.79	0.29
Based on the decisions of the appellate authorities for the earlier years and interpretations of other relevant provisions, the Company is of the opinion that the demands are likely to be deleted and consequently no provision has been made for such demands. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.		
d The Banks have extended concessional interest rate for the credit facilities sanctioned to the Company for the period upto 31st March 2016. As per the terms of the Sanction letter, Banks have the right to be recompensated in future for the sacrifice extended.		
e For the year ended 31st March 2016, the Company has not declared dividend on its Cumulative Redeemable Preference Shares in view of carried forward losses. The arrears of Dividend of Cumulative Preference Shares as of 31st March 2016.	0.63	-
29 RELATED PARTY TRANSACTIONS		
a Key Managerial Personnel:		
Mr. V.Rajagopal		
Mrs. Rama Rajagopal		
Mr. Charath Ram Narsimhan		
b Enterprises under Control or Significant Influence of Key Managerial Personnel:		
M/s Indian Terrain Fashions Limited		
M/s Celebrity Connections		
c Transactions carried out with Related Parties during the Year		
Key Managerial Personnel		
Managerial Remuneration		
Enterprises Under Same Management		
Job work Charges, Material Transfers and Rentals	23.69	32.70
Sale of Property	14.00	-
d Outstanding Balances as on 31.03.16		
i Payable as Managerial Remuneration	-	-
ii Other Payables - Rental security deposit - Indian Terrain Fashions Limited	-	0.82
iii Trade Receivable against Job work Charges and Material Transfers - Indian Terrain Fashions Limited	1.55	4.03
30 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES		
Loans and advances in the nature of loans given to Subsidiaries, Associates and Others	-	-

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
31 EMPLOYEE BENEFIT PLAN - GRATUITY		
The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.		
Amount Recognized in the Balance Sheet in respect of gratuity		
Present Value of Defined Benefit Obligation at the end of the Year	1.66	1.32
Fair Value of Plan Assets at the end of the Year	0.85	0.76
Net Liability / (Asset)	0.81	0.56
Amount Recognized in Profit and Loss Account in respect of gratuity		
Current Service Cost	0.16	0.15
Interest on Defined Benefit Obligations	0.04	0.10
Expected Return on Plan Assets	-	0.10
Net Actuarial (Gain) / Loss recognized during the Period	0.50	0.59
Net Gratuity Cost	0.71	0.93
Actual Return on Plan Assets		
Expected Return on Plan Assets	0.06	0.10
Actuarial Gain / (Loss) on Plan Assets	(0.01)	0.02
Actual Return on Plan Assets	0.05	0.12
Reconciliation of present value of obligation and the fair value of the plan assets		
Opening Defined Benefit Obligation	1.32	1.09
Current Service Cost	0.16	0.15
Interest Cost	0.10	0.10
Actuarial (Gain) / Loss	0.49	0.61
Benefits Paid	(0.42)	(0.63)
Closing Defined Benefit Obligation	1.66	1.32
Opening Fair Value of Plan Assets	0.76	1.16
Expected Return on Plan Assets	0.06	0.10
Actuarial Gain / (Loss)	(0.01)	0.02
Employer Contributions	0.45	0.10
Benefits Paid	(0.42)	(0.63)
Closing Fair Value of Plan Assets	0.85	0.76
Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the Year	1.32	1.09
Interest Cost	0.04	0.10
Current Service Cost	0.16	0.15
Benefit Paid	(0.42)	(0.63)
Actuarial (gain) / loss on obligations	0.55	0.61
Liability at the end of the Year	1.66	1.32
Closing balances of Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the Year	0.76	1.16
Expected Return on Plan Assets	0.06	0.10
Employer Contributions	0.45	0.10
Benefits Paid	(0.42)	(0.63)
Actuarial gain/(loss) on Plan Assets	(0.01)	0.02
Fair Value of Plan Assets at the end of the Year	0.85	0.76
Actual Return on plan assets	0.05	0.12
Investment Details of Plan Assets		
Money Market Instruments	66%	66%
Assets under Insurance Schemes	34%	34%
Principal Actuarial Assumptions at the Balance Sheet Date		
Discount Rate	7.54%	8.75%
Estimated Rate of Return on Plan Assets	7.54%	8.75%

The estimates of future salary increases, considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes on Financial Statements for the Year ended 31st March, 2016

₹. In Crores

Particulars	As at 31-Mar-16	As at 31-Mar-15
32 SEGMENT REPORTING		
The Company has considered business segment as the primary segment for disclosure. The Company is primarily engaged in a single segment business of manufacture and sale of garments and is managed as one entity for its sale and is governed by a similar set of risks and return. Hence, no additional disclosures are required, other than those already given in the Financial Statements.		
The Company has identified Geographical Segment as the secondary segment which consists of:		
a) Domestic (Sales to customers located in India)		
b) International (Sales to customers located outside India)		
Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The Company believes that it is not practical to allocate segment expenses, segment results, assets used, except trade receivables, in the Company's business or liabilities contracted since the resources/ services/ assets are used interchangeably within the segments. All fixed assets are located in India. Accordingly, no secondary segmental information is disclosed.		
33 OTHERS		
a Aggregate Expenses		
Electricity Expenses included under Power and Fuel	3.07	2.68
b Earnings in Foreign Currency		
Export of Goods - FOB Value	162.56	160.44
c Expenditure in Foreign Currency		
Selling Commission & Consultancy Charges	0.19	-
Software Expenses	0.05	0.06
Travel	0.10	0.08
Claims	0.01	0.27
Spares	0.12	0.19
Interest	0.05	0.02
Consultancy	0.03	0.04
d Value of Imports		
Raw materials	40.95	47.91
Capital Goods	0.17	0.22
e Imported and Indigenous Consumption of Raw materials		
Imported		
₹. In Crores	45.63	50.08
% to Total	41.5%	46.4%
Indigenous		
₹. In Crores	64.32	57.86
% to Total	58.5%	53.6%
34 OTHER DISCLOSURES		
a Foreign Exchange Differences		
Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account	(0.20)	2.09
Premium / (Discount) on Forward Foreign Exchange Contracts recognized	0.10	0.13
b Previous year figures have been regrouped, reworked and reclassified wherever necessary to conform to current year classification.		
c In the opinion of the Management , Current Assets, Loans and Advances have a value of at least equal to the amounts shown in the Balance Sheet, if realized in the due course of the business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.		

To be read with our report of even date.

 For Anil Nair & Associates
 Chartered Accountants
 ICAI Firm Registration No. 000175S

 For CNGSN & Associates LLP
 Chartered Accountants
 ICAI Firm Registration No. 004915S/ S200036

 For and on Behalf of the Board
 V. Rajagopal
 Chairman

 G.Anil
 Partner
 Membership No. 22450

 C.N.Gangadaran
 Partner
 Membership No. 11205

 L.Visalakshi
 Chief Financial Officer

 Charath Ram Narsimhan
 Managing Director

Chennai, 30 May 2016

Cashflow Statement for the year ending 31st March 2016

₹. In Crores

Sl. No.	Particulars	2015-16	2014-15
A	Cashflow from Operating Activities		
	Net Profit before Tax	21.41	(2.29)
	Adjustments for:		
	Depreciation for the Year	8.05	6.80
	Profit on Sale of Land & Buildings	(27.09)	
	Assets Value Written off - Life Time Expiry	-	(1.12)
	Unrealised (Gain) / Loss on Exchange Differences	0.41	0.14
	Interest & Finance Charges paid	8.65	9.33
	Interest Income	(0.14)	(0.14)
	(Profit) / Loss on Sale of Investments	-	(0.03)
	Operating Profit before Working Capital Changes	11.29	12.70
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	(4.96)	11.09
	Decrease / (Increase) in inventories	(9.28)	(2.59)
	Increase / (Decrease) in creditors and other payables	3.57	(10.06)
	Cash generated from Operations	0.61	11.14
	Income Taxes Refund / (Paid) (net)	(0.57)	(0.27)
	Net Cash from Operating Activities	0.04	10.86
B	Cashflow from Investing Activities		
	(Purchase) / Sale of Fixed Assets - Net	31.59	(1.01)
	Value of Assets with Expired Life	-	1.12
	(Purchase) / Sale of Investments (net)	-	0.03
	Investments written off	-	0.05
	Interest Received	0.14	0.14
	Net Cash (Used In) / from Investing Activities	31.73	0.32
C	Cashflow from Financing Activities		
	Proceeds from issue of Share Capital	-	2.65
	Short Term Borrowings	9.83	(3.81)
	Term loan Receipts (Net)	(33.23)	(1.30)
	Interest and Finance Charges paid	(8.65)	(9.33)
	Net Cash (Used In) / from Financing Activities	(32.05)	(11.79)
	Net Increase in Cash and Cash Equivalents	(0.28)	(0.60)
	Cash and Cash Equivalents (Opening Balance)	2.19	2.79
	Cash and Cash Equivalents (Closing Balance)	1.91	2.19

Note:

- The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3
- Cash and Cash equivalents represents
 - Cash balances
 - Bank balances
 - Deposits held as Margin Money against Borrowings / Guarantees (*Refer Note 16*)
- Previous year figures are re-grouped / re-classified in line with current year requirements
To be read with our report of even date

 For Anil Nair & Associates
 Chartered Accountants
 ICAI Firm Registration No. 000175S

 For CNGSN & Associates LLP
 Chartered Accountants
 ICAI Firm Registration No. 004915S/ S200036

 For and on Behalf of the Board
 V. Rajagopal
 Chairman

 G.Anil
 Partner
 Membership No. 22450

 C.N.Gangadaran
 Partner
 Membership No. 11205

 L.Visalakshi
 Chief Financial Officer

 Charath Ram Narsimhan
 Managing Director

Chennai, 30 May 2016

CELEBRITY FASHIONS LIMITED

CIN:L17121TN1988PLC015655

Registered office: SDF IV & C2, 3RD MAIN ROAD, MEPZ/SEZ, Tambaram, Chennai-600 045

Phone No.91-44-43432200/43432300; email: investorservices@celebritygroup.com

Fax No.+91-44-4343 2360; Website: www.celebritygroup.com

ATTENDANCE SLIP

Regd Folio No. /DP/ Client ID

No. of Shares held

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company at the Registered Office situated at SDF-IV & C2, 3rd Main Road, MEPZ- SEZ, Tambaram, Chennai-600 045 at 03.00 P.M. on Friday, the 30th day of September 2016.

.....
Signature of member / Proxy

PROXY FORM

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

CIN	: L17121TN1988PLC015655
Name of the Company	CELEBRITY FASHIONS LIMITED
Registered Office	: SDF – IV & C2, 3rd Main Road, MEPZ – SEZ, Tambaram, Chennai – 600 045
Name of the member (s)	:
Registered Address	:
E-mail Id	:
Folio No./Client Id	:
DP ID	:

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

1. Name :
 Address :
 Email Id :
 Signature : or failing him

as my / our proxy to attend and vote (on a poll) for me / us on my behalf at the Twenty Seventh Annual General Meeting of the Company to be held on Friday, the 30th day of September 2016 at 03.00 P.M. at the Registered Office situated at SDF-IV& C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045 and at any adjournment thereof in respect of such resolutions are indicated below:

Resolution No.

- | | |
|----|----|
| 1. | 2. |
| 3. | 4. |
| 5. | 6. |

Affix
Re. 1/-
Revenue Stamp

Signed this..... Day of..... 2016.

Signature of shareholder

Signature of Proxy holder(s)

Note: This form 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.

REGISTERED BOOK POST

If undelivered please return to

Celebrity Fashions Limited

SDF-IV & C2, 3rd Main Road,
MEPZ-SEZ, Tambaram, Chennai – 600 045

Tel : +91 44 4343 2300 / 2200

Fax : +91 44 4343 2360