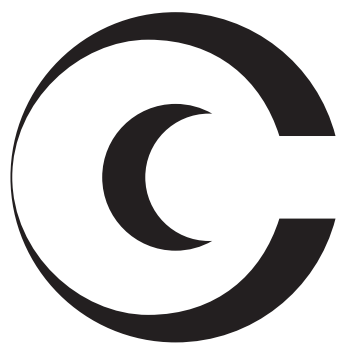


# **Celebrity Fashions Limited**



**26<sup>th</sup>**  
**ANNUAL REPORT 2014 - 2015**

# Contents

Board of Directors	2
Manufacturing Facilities	2
Notice convening the AGM	3
Directors Report	4
Annexure to Directors Report	7
Report of Corporate Governance	14
Group Coming within the definition of Group	18
Auditors Certificate on Corporate Governance	18
Independent Auditors Report	18
Annexure to Auditors Report	19
Management Discussion and analysis	20
Balance Sheet	22
Statement of Profit & Loss	23
Notes to the Accounts	24
Cash flow statement	37

## 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

<b>Company Secretary</b>	Mr. K. Senthilkumar
<b>Chief Financial Officer</b>	Mrs. Visalakshi. L
<b>Chief Operating Officer</b>	Mr. Selin Reubalin C. C

## BANKERS

State Bank of India, Overseas Branch  
 Chennai – 600 001

## STATUTORY AUDITORS

M/s. Anil Nair & Associates,  
 Egmore, Chennai – 600 008.

M/s. CNGSN & ASSOCIATES LLP  
 T. Nagar, Chennai – 600 017.

## INTERNAL AUDITORS

M/s R. Venkatakrishnan & Associates,  
 R.A.Puram, Chennai – 600 028.

## MANUFACTURING FACILITIES

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

No. 208, Velachery Tambaram Road,  
 Narayanapuram, Pallikaranai, Chennai – 600 100.

## Warehouse

No. 208, Velachery Tambaram Road,  
 Narayanapuram, Pallikaranai,  
 Chennai 601 100.

## Washing Plant

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

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

## REGISTERED OFFICE & CORPORATE OFFICE

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

## NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of Celebrity Fashions Limited will be held on Friday, the September 25, 2015 at 2.30 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:

- To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2015 including audited Balance Sheet as at 31st March, 2015 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.
- To appoint a director in place of Mrs.Rama Rajagopal (holding DIN 00003565), who retires by rotation and being eligible offers herself for re-appointment.
- 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 2016, 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 2016, be and hereby ratified , and that they shall be paid a remuneration as fixed by the Board of Directors of the Company.

Date : 11thAugust 2015  
Place: Chennai

For and on behalf of the Board  
K.Senthilkumar  
Company Secretary

### NOTES:

- 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. 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.
- 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.
- 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.
- The Register of Members and the Share Transfer books of the Company will remain closed from 18th September 2015 to 25th September 2015. (both days inclusive)
- 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 in time India Private Ltd, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (w), Mumbai-400078.
- 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.
- As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, 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 Annexure A. The cut off date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be 18th September 2015.
- 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.
- Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Director seeking re-appointment at the Annual General Meeting, forms integral part of the notice. The Director have furnished the requisite declaration/Consent for her re- appointment.

### Profile of Director being re-appointed as required under Clause 49 of the Listing Agreement, in the order of the item mentioned in the Notice:

#### Mrs.Rama Rajagopal

Mrs.Rama Rajagopal, aged 59 years, is an executive director of our Company. She holds a post graduate degree in economics from University of Bangalore. She joined the Board of Directors of the company in 04th January 1994. As on March 31, 2015, Mrs.Rama Rajagopal holds 5042054 (12.93%) equity shares in the Company. Apart from Celebrity Fashions Limited, she is a Whole Time Director in Indian Terrain Fashions Limited.

### 10. IMPORTANT SHAREHODER 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 2014-15, you may write to us at [investorservices@celebritygroup.com](mailto:investorservices@celebritygroup.com) or at the registered Office of the Company. The Annual report of the Company can be accessed at [www.celerbritygroup.com](http://www.celerbritygroup.com) in the investor section.

Electronic copy of the Annual Report for 2015 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(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 2015 is being sent in the permitted mode.

Electronic copy of the Notice of the 26th 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 Participants(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 26th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

### 11. 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 Clause 35B of the Listing Agreement.

### The instructions for shareholders voting electronically are as under: (Annexure - A)

- The voting period begins on 22nd September, 2015 at 9.00 A.M. and ends on 24th September, 2015 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 18th September 2015 , 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](http://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](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>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)</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) 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.
- (xviii) If 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.
- (xix) 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](http://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](mailto: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](mailto: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.

- (xx) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxi) 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 18th September 2015.
- (xxii) Mr S. Bhaskar , Practising Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxiii) 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.
- (xxiv) The Results shall be declared by the Chairman or by any person authorised by him in this regard on 28th September 2015. The result along with the Scrutinizer's Report shall be placed on the Company's website [www.indianterrain.com](http://www.indianterrain.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE & NSE Limited. The resolution, if approved, will be taken as passed effectively on the date of declaration of the result, explained as above.
- (xxv) 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 (9.00 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.

Date : 11th August 2015  
Place: Chennai

For and on behalf of the Board  
K.Senthilkumar  
Company Secretary

## DIRECTORS REPORT

### Dear Shareholders,

Your Directors hereby present the 26th Annual Report along with the audited statements of the Company for the year ended 31st March 2015.

### Outlook and Financial Highlights

The revival in demand in major markets such as US and Europe enabled India to witness a double digit growth in export of ready-made garments from FY 2014 to FY 2015. Export of readymade garments from India has grown faster than those shipped from China for a bulk of 2014. India's garment exports were growing at the rate of over 15% and this is a clear cut indication that India is emerging as one of the top sourcing and compliant destinations for the buyers in the World.

The other fundamentals which would boost export of readymade garments is the government's focus on "Make in India" theme facilitating exports, export incentives from the government and increase in manufacturing costs in China. The shift in demand for garment from China to India due to rise in labour and power costs have made production in China expensive compared to India. With an encouraging scenario on the global front, the industry would still face challenges in terms of availability of skilled labour and stringent labour laws of the Country.

Your Company recorded total revenues of Rs.205.87 crs as against Rs.235.31 crs last year. During the year under review, your Company relocated one of its manufacturing facilities and consolidated its operations in its existing facilities thereby causing reduction to capacities. However with improved operational efficiencies and greater control on costs, the Operational EBITDA margins stood at Rs.13.84 crs as compared to Rs.10.36 crs previous year; Other Income were at Rs.3.58 crs against Rs.1.36 crs.

The Company re-aligned its Depreciation Policy in accordance with Schedule II, Companies Act, 2013. Consequently, with effect from 1st April 2014, the carrying value of assets is now depreciated over its revised remaining useful life. Where the remaining useful life of the assets are NIL as on 1st April 2014, carrying value of assets amounting to Rs.1.12 crs have been adjusted against opening reserves.

Consequent to the above, the Net losses for the year were at Rs.2.29 crs against Rs.1.63 crs previous year. (before extraordinary income of rupees 9.97 crs)

Rs. In Crs	FY 2014-15	FY 2013-14
Revenue From operations	205.87	235.31
Gross Profit / (Loss) before interest and depreciation	13.84	10.36
Interest	9.33	6.92
Profit / (Loss) before depreciation and tax	4.51	3.44
Depreciation	6.80	5.07
Profit / (Loss) before Extra-Ordinary Income	(2.29)	(1.63)
Extra-Ordinary Income	-	9.97
Profit / (Loss) before tax	(2.29)	8.34
Provision for Taxation	-	-
Profit / (Loss) after tax	(2.29)	8.34
Balance brought forward from previous year	(61.76)	(70.10)
Less: Value of Assets with Expired Life written off	(1.12)	-
Balance carried to Balance Sheet	(65.17)	(61.76)

#### Finance and Accounts

There is no provision for Income Tax, due to the losses incurred by the Company in the earlier years. 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 balance and written down value of fixed assets under Income Tax.

The net worth of the Company as on 31st March 2014 has turned positive under the provisions of Sick Industries Companies Act. Accordingly, the Company filed for discharge under the purview of SICA before BIFR. BIFR vide its order dated 04th August 2014 has discharged the Company from the purview of BIFR.

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act 2013.

During the year under review, the Board of Directors of your Company at their Meeting held on 13th November 2014, have decided to delete the name of the wholly owned subsidiary Company Celebrity Clothing Limited from MCA records. Accordingly Celebrity Clothing Limited has filed with Ministry of Corporate Affairs (MCA) for striking off its name from the MCA records under FTE mode on 23rd December 2014 and the name has been removed from the records of MCA. Hence the requirement of presenting annual report of CCL does not arise. Also the shares of Celebrity Clothing Limited held by your Company stands cancelled pursuant to the same.

The Accounts of the Company have been prepared on the basis of 'going concern concept'. Your Company continued to focus on cash generation. The focus on managing optimal levels of inventory, sound business performance, operating efficiencies and cost savings across the organization to mitigate the problem and to improve the financial health of the Company.

#### Share Capital

The Company made preferential allotment of 26,50,000 Equity Shares at the face value of Rs.10/- per share to the promoter, Mr. V. Rajagopal during year under review towards his contribution to Equity. The object of this issue is for working capital purposes and to improve the net worth position of the Company.

The above preferential allotments were approved by the Shareholders in the Extra-Ordinary General Meeting held on 16th July 2014.

Consequent to the above, the Equity Share Capital of the Company increased by Rs.2.65 crs.

#### Dividend

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

#### Cash flow Statement

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31st March 2015 is annexed hereto.

#### Related Party Transactions

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. Your Company has framed a policy on Related Party Transaction and the same has been displayed on the Company's website: [www.celebritygroup.com](http://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 Clause 49 of the Listing Agreement 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 Clause 49 of the Listing Agreements with the Stock Exchanges forms a part of this report.

#### Management's Discussion and Analysis Report

A detailed review on the operations and performance of the Company along with the outlook is presented separately under the Management Discussion and Analysis Report which forms part of this Annual Report.

#### Compliance with Code of Conduct

Your Company has put in place a Code of Conduct for its Board Members and Senior Management Personnel. Declaration of Compliance with Code of Conduct has 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)

As there have been carry forward losses, provisions of section 135 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

Your 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](http://www.celebritygroup.com)

#### Directors

During the year under review your company has come out of the purview of BIFR. Hence continuance of Mr Ramji Sinha as Special Director inducted by BIFR is withdrawn.

Pursuant to 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.

All Independent Directors have give declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

#### 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"

#### Meeting of Board

The particulars relating to the meeting of Board of Directors has been detailed in the Corporate Governance Report which forms part of the report

#### Key Managerial Personnel

To comply with requirement of Section 203 of the Companies Act, Mr. Charath Narsimhan Managing Director, Mrs. L. Visalakshi, CFO and Mr. K.Senthil Kumar, Company Secretary have been designated as the Key Managerial Personnel of the Company.

#### Remuneration Policy

The particulars relating to remuneration policy has been detailed in Corporate Governance Report which forms part of the 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 which have occurred between the end of the financial year of the company to which the financial statement relate and the date of the Report- Nil**

#### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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, Appointment & 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: Nil (only designated)

Name of Companies which become or cease to be its subsidiaries, JV or associate during the year – Celebrity Clothing Ltd



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 operation of the Company. The Company was in receipt of the notice / order 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 29 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 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. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board

**Business Risk Management:**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, 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 form part of the Boards report.

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

**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](http://www.celebritygroup.com))

**Auditors**

M/s. Anil Nair & Associates and M/s. CNGSN Associates LLP, Chartered Accountants, Chennai are the Auditors of the Company. They were appointed in the 25th Annual General Meeting of the Company till the conclusion of third consecutive Annual General Meeting of the Company and subject to ratification by the shareholders at every Annual General Meeting. A motion for ratification will be placed before the Members of the Company in the 26th Annual General Meeting for their approval.

M/s Anil Nair & Associates have applied for re-evaluation of certificate from ICAI and the process is on-going. As on the date of signing this Balance Sheet, the Chartered Accountant Firm, M/s Anil Nair & Associates is yet to receive the certificate from the Peer Review Board. Consequently as a matter of abundant prudence, M/s Anil Nair & Associates have abstained from signing the Balance Sheet of the Company. The Annual Accounts of the Company including its Balance Sheet, Statement of Profit and Loss along with Cash Flow Statement have been audited and signed by M/s CNGSN & Associates, LLP.

**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 Mr. Bhaskar, Company Secretary in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as "Annexure - IV".

**Cost Auditor**

Since the Company is not in the purview of Cost Audit, the appointment of Cost Auditor under the requirement of the provisions under Section 148 of the Companies Act, 2013 is not required for the financial year 2015-16.

**Management response with respect to Statutory Auditor's / Secretarial Auditor Qualification:**

The Report of Statutory Auditors on the Financial Statements of the Company for the financial year ending 31st March 2015 and Secretarial Audit Report for the financial year 2014-15 contains qualifications. The response from the Management with respect to the qualifications is appended below:

- a) *The delays in remitting the unclaimed dividend amounts to Investor Education and Protection Fund were due to delays in receipt and reconciliation of data from the Bank. Immediately upon receipt of data, the Company has remitted the amount of Rs.33,799/- to Investors Education and Protection Fund.*
- b) *During the year under review, the Company has arrived at an out-of-court settlement*

*with its tenant and has entered into a fresh lease deed and memorandum of understanding. The Company has recognized a rental income of Rs.1.26 crs pertaining to previous year and the same has been included under Other Income. Along with the same, the Company has recognized the rental income for the Current Year during the last quarter of the financial year. The service tax amounts of Rs.30 lakhs on the rental income were pending to be remitted as on 31st March 2015. The Company is taking steps to remit the same at the earliest.*

- c) *In accordance with the re-structuring package sanctioned to the Company by State Bank of India, an amount of Rs.18.22 crs was to be repaid by 31st March 2015 from the sale of proceeds of one of properties of the Company. Pending disposal of the property, the amount of Rs.18.22 crs remained unpaid to State Bank of India. The Company is taking necessary steps for disposal of the property and for repayment of term loans. As at 31st March 2015, interest on working capital and term loans amounting to Rs.1.10 crs were pending to be serviced since February 2015. The Company has serviced the same in April 2015.*
- d) *The accumulated losses of the Company have exceeded 50% of its networth as on 31st March 2015. The accounts of the Company have been prepared on 'Going Concern' basis. Your Company's Management Team constantly strives to mitigate the problems, improve the financial health of the Company by controlling the losses and the Company foresees signs of revival.*

**Listing Fee**

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

**Personnel**

The Board wishes to place on record its appreciation to all the employees in the Company for their sustained efforts and contributions during these tough times.

**Policy on Prevention of Sexual Harassment of Woman at Workplace:**

Your 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 Complants Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at workplace.

During the year ended March 31, 2015, 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 with explanation related to material departures if any.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments 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 directors have prepared the annual accounts on a going concern basis.
- v) The directors had 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 directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

**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.160.44 crs
Total Foreign exchange outgo	Rs. 48.80 crs

### 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. The Directors wish to place on record the co-operation extended and the solidarity shown by the employees in assisting the organization to control its losses and contributing for a good turnaround.

Date : 21st May 2015

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 Ram 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	3.8%
K. Senthil Kumar	Company Secretary	Not Applicable

- c) the percentage increase in the median remuneration of employees in the Financial Year: 1.3%
- d) The number of permanent employees on the rolls of the company: around 3883 as on 31st March 2015.
- e) The explanation on the relationship between average increase in remuneration & Company performance:

Average increase in remuneration 6.8% as against 14% increase in EBITA

- f) Comparison of the remuneration

Name	Designation	Remuneration*	% Increase in Remuneration	PAT in Crs	% in Increase in PAT
Charath Ram Narsimhan	MD	Nil	Nil	2.29	(127.4%)
L. Visalakshi	CFO	16.20	3.8%		
K. Senthil Kumar	CS	4.80	NA		

\*Remuneration includes salary earned during the financial year.

- 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 Capitalization in Crs
31.03.2014	363,53,765	7.64	3.09	2.47	27.77
31.03.2015	390,03,765	12.38	(0.6)	(20.63)	48.29
Inc/ (Decrease)	26,50,000				
Issue Price of the share at the last offer (30.07.2014)		10			
Increase in market price as on 31.03.2015 as compared to Issue price of the last offer		2.38			
Increase %		24%			

- 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 6.9% for employees other than Managerial Personnel & 2.9% for Managerial Personnel (KMP).

- 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) Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors Report for the year ended March 31, 2015.- 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
1	Name (s) of the related party	Indian Terrain Fashions Limited.
2	Nature of Relationship	Mr.V. 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 Rentals
4	Duration of the contracts/arrangements/transaction	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
6	Date of approval by the Board	13th November 2014
7	Amount paid/Received if any (Rs.in Crores)	32.70

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 2015**

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
1	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	10543796	Nil	10543796	34.57	14,693,796	Nil	14,693,796	37.67	3.11
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/Fl	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other ....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (A)(1)</b>	<b>10543796</b>	<b>Nil</b>	<b>10543796</b>	<b>34.57</b>	<b>14,693,796</b>	<b>Nil</b>	<b>14,693,796</b>	<b>37.67</b>	<b>3.11</b>
(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/Fl	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (A)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>10543796</b>	<b>Nil</b>	<b>10543796</b>	<b>34.57</b>	<b>14,693,796</b>	<b>Nil</b>	<b>14,693,796</b>	<b>37.67</b>	<b>3.11</b>
<b>B. Public Shareholding</b>									
(1) Institutions	Nil	Nil	Nil	Nil					
a) Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Financial Institutions / Banks	7469100	Nil	7469100	24.49	7469100	Nil	7469100	19.15	(5.34)
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



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	
f) Foreign Institutional Investors	2100000	Nil	2100000	6.88	3350000	Nil	3350000	8.59	1.70
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
<b>Sub-Total (B)(1)</b>	<b>9569100</b>	<b>Nil</b>	<b>9569100</b>	<b>31.37</b>	<b>10819100</b>	<b>Nil</b>	<b>10819100</b>	<b>27.74</b>	<b>(3.63)</b>
(2) Non-institutions									
a) Bodies Corporate	2593918	Nil	2593918	8.50	1817242	Nil	1817242	4.66	(3.84)
b) Individuals									
Individuals									
i. Individual shareholders holding nominal share capital up to Rs 1 lakh	3208802	165	3208967	10.52	3313279	165	3313444	8.50	(2.02)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1098176	Nil	1098176	3.60	2699417	Nil	2699417	6.92	3.32
c) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Any Other (specify) Clearing Members	37562	Nil	37562	0.12	150164	Nil	150164	0.38	0.26
e) Foreign Portfolio Investor (Corporate)	Nil	Nil	Nil	Nil	2100000	Nil	2100000	5.38	5.38
f) Non Resident Indians	52246	Nil	52246	0.17	59025	Nil	59025	0.15	(0.02)
g) Foreign Companies	3400000	Nil	3400000	11.15	3351577	Nil	3351577	8.59	(2.55)
h) Any others Specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (B)(2)</b>	<b>10390704</b>	<b>165</b>	<b>10390869</b>	<b>34.06</b>	<b>13490704</b>	<b>165</b>	<b>13490869</b>	<b>34.59</b>	<b>0.52</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>19959804</b>	<b>165</b>	<b>19959969</b>	<b>65.43</b>	<b>24309804</b>	<b>165</b>	<b>24309969</b>	<b>62.33</b>	<b>(3.10)</b>
C. Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>30503600</b>	<b>165</b>	<b>30503765</b>	<b>100.00</b>	<b>39,003,600</b>	<b>165</b>	<b>39,003,765</b>	<b>100.00</b>	<b>Nil</b>

Note: 15,00,000 shares allotted to V. Rajagopal and 10,00,000 shares allotted to Charath Ram Narsimhan and 33,50,000 allotted to Leman Diversified Fund on 27.3.2014 were not updated in CDSL records as a opening balance hence the allotted shares were taken during the year

**(ii) Shareholding of Promoters**

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Shares of % 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	V. Rajagopal	5492981	18.01	8.77	9642981	24.72	6.86	5.48
2	Rama Rajagopal	5042054	16.53	8.77	5042054	12.93	6.86	Nil
3	Vidyuth Rajagopal	7000	0.02	0	7000	0.02	0	Nil
4	Suresh Rajagopalan	1015	0.00	0	1015	0.00	0	Nil
5	Rajagopalan.K.A	646	0.00	0	646	0.00	0	Nil
6	Anjali Rajagopal	100	0.00	0	100	0.00	0	Nil
	<b>Total</b>	<b>10543796</b>	<b>34.57</b>	<b>14.72</b>	<b>14693796</b>	<b>37.67</b>	<b>13.72</b>	<b>Nil</b>

Note: 15,00,000 shares allotted to V. Rajagopal on 27.3.2014 were not updated in CDSL records as a opening balance hence the allotted shares were taken during the year

**(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	No. of Shares	% of total Shares of the company
1.	<b>V. Rajagopal</b>				
	At the beginning of the year	5492981	18.01	6992981*	19.24
	Date wise increase in Promoters Shareholding during the year specifying the reasons for increase by Allotment on 30/07/2014:			2650000	5.48
	At the end of the Year			9642981	24.72

Note: 15,00,000 shares allotted to V. Rajagopal on 27.3.2014 were not updated in CDSL records as a opening balance hence the allotted shares were taken 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	24.49	7469100	19.15
2	New Vernon Private Equity Limited	3400000	11.15	3351577	8.59
3	Davos International Fund	2100000	6.88	2100000	5.38
4	Bennett, Coleman and Company Limited	1316818	4.32	1316818	3.38
5	Reliance Capital Limited	898750	2.95		-
6	Leman Diversified Fund			3350000*	8.59
7	Zaki Abbas Nasser	260000	0.85		-
8	Pankaj Jayanthilal Patel	98438	0.32		-
9	Nazlin Nazmuddin Kheraj	71317	0.23		-
10	Charath Ram Narsimhan	25619	0.08	1025619	2.63
11	Sudhir G Khandelwal & Shipi S Khandelwal	42550	0.14		
12	Rakesh Kantilal Pujara		-	145650	0.37
13	Apurva Jayantkumar Mehta		-	140986	0.36
14	JM Financial Service Pvt Ltd		-	105937	0.27

\*33,50,000 Shares allotted on 27th March 2014 to Leman Diversified Fund was not updated on NSDL as a opening balance for taken during the year

(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	V. Rajagopal-Chairman & Director				
	At the beginning of the year	5492981	18.01	6992981*	19.24
	Date wise increase in Promoters Shareholding during the year specifying the reasons for increase by Allotment on 30/07/2014:			2650000	5.48
	At the end of the Year			9642981	24.72
2	Rama Rajagopal-Whole Time Director				
	At the beginning of the year	5042054	16.53	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
3	Charath Ram Narsimhan-Managing Director				
	At the beginning of the year	25619	0.08	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
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	K.Senthilkumar-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	-	-	-	-

Note: 15,00,000 shares allotted to V. Rajagopal and 10,00,000 shares allotted to Charath Ram Narsimhan on 27.3.2014 were not updated in CDSL records as a opening balance hence the allotted shares were taken during 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
<b>Indebtedness at the beginning of the financial year</b>				
i.Principal amount	9340.21	0.00	0.00	9340.21
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
<b>Total(i+ii+iii)</b>	<b>9340.21</b>	<b>0.00</b>	<b>0.00</b>	<b>9340.21</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0.00	0.00	0.00	0.00
Reduction	1199.27	0.00	0.00	1199.27
<b>Net Change</b>	<b>1199.27</b>	<b>0.00</b>	<b>0.00</b>	<b>1199.27</b>
<b>Indebtedness at the end of the financial year</b>		<b>0.00</b>	<b>0.00</b>	
i.Principal amount	8140.94	0.00	0.00	8140.94
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
<b>Total(i+ii+iii)</b>	<b>8140.94</b>	<b>0.00</b>	<b>0.00</b>	<b>8140.94</b>

**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/WT/Manager Charath Ram Narsimhan Managing Director	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of Perquisites u/s 17(2) Income –tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission		
	-as % of profit		
	-others,Specify	NIL	NIL
5	Others,please specify	NIL	NIL
	Total (A)	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	Ramji Sinha	
1	Independent Directors Fee for attending Board/Committee Meetings	0.21	0.09	0.09	0.02	0.41
	Commission	Nil	Nil	Nil	Nil	Nil
	Others,Please specify	Nil	Nil	Nil	Nil	Nil
	Total(1)	0.21	0.09	0.09	0.02	0.41
2	Other Non-Executive Directors Fee for attending Board/Committee Meetings	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil
	Others,Please specify	Nil	Nil	Nil	Nil	Nil
	Total(2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	0.21	0.09	0.09	0.02	0.41
	Total Managerial Remuneration	0.21	0.09	0.09	0.02	0.41

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

S.No.	Particulars of Remuneration	CEO	Company Secretary	CFO	Total
1	Gross Salary				
	(d) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	0.00	4.80	16.20	21.00
	(e) Value of Perquisites u/s 17(2) Income –tax Act,1961	0.00	0.00	0.00	0.00
	(f) Profits in lieu of salary under section 17(3) Income-tax Act,1961	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	0.00	0.00	0.00	0.00
	-as % of profit				
	-others,Specify				
5	Others,please specify	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>0.00</b>	<b>4.80</b>	<b>16.20</b>	<b>21.00</b>

**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)
<b>A.COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B.DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C.OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

**Form No. MR-3**
**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

[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,**  
SDF - IV & C 2, THIRD MAIN ROAD,  
MEPZ - SEZ, TAMBARAM,  
CHENNAI - 600045

- I, S.Bhaskar, Company Secretary in Practice, 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 by me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the CELEBRITY FASHIONS LIMITED 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 authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by CELEBRITY FASHIONS LIMITED for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- (vi) The payment of gratuity act 1972;
- (vii) The Payment of Bonus Act, 1965;

- (viii) The Payment of Wages Act, 1936;
- (ix) The Employees Provident Funds and Miscellaneous Provisions Act, 1952;
- (x) The Employees' State Insurance Act, 1948;
- (xi) The Factories Act, 1948;
- (xii) The Water (Prevention & Control of Pollution) Act, 1974
- (xiii) The Air (Prevention & Control of Pollution) Act, 1981
- (xiv) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (xv) The Contract Labour (Regulation and Abolition) Act, 1970
- (xvi) The Special Economic Zones Act, 2005

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (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

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

1. There has been a delay on transferring of amounts, required to be transferred to the Investor Education and Protection fund by the Company which is detailed below:

-Rs. 33,799 outstanding since November 13, 2013

**I 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

Date : 21st May 2015  
Place: Chennai

S.Bhaskar  
Practicing Company Secretary  
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. A 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 2014-15, the Board consisted of Six Directors. Mr.V.Rajagopal is the Chairman and Mr. Charath Ram Narsimhan is a Managing Director and Mrs. Rama Rajgopal, Woman Director. Three Directors viz., Mr. N.K. Ranganath, Mr. P.S. Raman and Mrs.Nidhi Reddy are non executive 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 the Listing agreement.

All independent directors possess the requisite qualifications and are very experienced in their own fields. Directors except the Chairman and 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 public limited 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.

Mr. Ramji Sinha who was appointed by BIFR as a special Director in June 2013 vacated as special director subsequent to discharge of Company from BIFR vide BIFR order dated 4th August 2014.

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

During the financial year 2014-15, the Board met Seven (07) times on 05th May 2014, 18th June 2014, 30th July 2014, 11th August 2014, 13th November 2014, 14th February 2015 and 11th March 2015.

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 2015 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	7/7	No	2	2	-
Mrs.Rama Rajagopal Executive Director	Executive / Promoter & Woman Director	6/7	Yes	2	-	-
Mr. Charath Ram Narsimhan Managing Director	Executive	7/7	Yes	-	2	-
Mr.P.S.Raman Director	Independent Non Executive	1/7	No	2	3	-
Mr.N.K.Ranganath Director	Independent Non Executive	5/7	Yes	2	-	4
Mrs.Nidhi Reddy Director	Independent Non Executive & Woman Director	2/7	No	-	2	1

### Notes:

\*\* 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 Annexure 1A to Clause 49 of the Listing Agreement 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 clause 49 of the listing agreement 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 4 times on 05th May 2014, 11th August 2014, 13th November 2014 and 14th February 2015 during the financial year ended 31st March 2015, where in all the committee members were present except Mr.P.S.Raman was not present for the meeting dated 11th August 2014 and Mrs.Nidhi Reddy was not present for the meeting dated 05th May 2014, 13th November 2014 & 14th February 2015.

### NOMINATION AND REMUNERATION COMMITTEE

The Board has set up Nomination and Remuneration Committee with a role to determine the remuneration payable to whole time directors and key managerial personnel of the Company, to recommend to the Board the appointment / reappointment of the Executive / Non-executive directors, to grant stock options and for framing of policies to

attract, motivate and retain personnel. The Nomination and Remuneration Committee adheres to section 178 of Companies Act 2013 and Clause of 49 of Listing Agreement.

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

During the year ended 31st March 2015, committee passed resolution through Circular resolution dated 07th November 2014.

#### Criteria for Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the evaluation is lead by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the board as a whole, committee of the board and report the recommendations to the board. The evaluation process also considers the time spent by each of the board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

#### 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. 2500/- to all the non-executive directors for attending each meeting of the Board and Rs.1500/- for each meeting of its committee thereof which is within the limits prescribed under the Companies Act, 2013.

During the financial year 2014-15, 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	21,000
Mr. P.S.Raman	9,500
Mrs.Nidhi Reddy	9,000
Mr. Ramji Sinha	2,500

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 Chairman and Managing Director. 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 paid 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.

The Company received two complaints during the year and both the complaints resolved immediately there were no complaints pending to be resolved as on 31st March 2015.

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. Mr.K.Senthikumar, Company Secretary is the compliance officer of the company. For any clarification / complaint the shareholders may contact Mr.K.Senthikumar, company secretary 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 robust 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:

- 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;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- 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 2015, the CSR Committee met once on 11th March 2015.

#### Meeting Of Independent Directors

During the year under review, the Independent Directors met on 14th February 2015, inter alia to discuss:

- Evaluation of the performance of the Non Independent Directors and the Board of Directors as a Whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- 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 at the Meeting.

#### Subsidiary Companies

The Subsidiary Company (Celebrity Clothing Limited) is under process of Strike off with the ROC, Chennai. The same was approved by the Company Board Resolution dated 13th November 2014.

## General Body Meetings

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

Financial year	Day and Date	Time	Venue
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.
2011-12	Monday, 17th September 2012	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 and Extra ordinary General Meetings:

### EGM held on 16th July 2014

Re-classification of Authorised Capital and Subsequent amendment to MOA & AOA of the company and Preferential Allotment of Equity Shares to Mr.V.Rajagopal, Chairman in accordance with SEBI (ICDR) Regulations, 2009.

### EGM held on 18th March 2014

Preferential allotment of Equity shares to Mr.V.Rajagopal, Promoter, Mr.Charath Ram Narsimhan, Key Managerial person and Leman Diversified Fund, Foreign Institutional Investor in accordance with SEBI (ICDR) Regulations, 2009.

### EGM held on 10th October 2012

Preferential allotment of Equity Shares to the Promoters, Mr. V. Rajagopal, and Mrs. Rama Rajagopal in accordance with SEBI (ICDR) guidelines.

### AGM held on 29.09.2014

Special Resolutions passed :

1. Borrowing Powers of the Company

### AGM held on 23.09.2013

Special Resolutions passed :

1. Conversion of Loan into 1% Cumulative Redeemable Preference Shares in accordance with Sections 80,81,81(1A) of the Companies Act, 1956
2. Conversion of Loans into Equity shares in accordance with Section 81(1A) of the Companies Act, 1956 and SEBI (ICDR) guidelines.

### AGM held on 17.09.2012

No Special Resolution Passed

### EGM / Postal Ballot /E-voting during 2014-15

No special resolutions were passed by the shareholders of the company through postal ballot during the year 2014-15.

### 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](http://www.celebritygroup.com). All the members of the Board and senior management have confirmed compliance with the Code for the year ended, 31st March 2015. The annual report contains a declaration to this effect signed by the Chairman.

The Company has also framed a Code of Conduct for prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992. 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 Clause 49 of the Listing Agreement.

### DISCLOSURES

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract

the provisions of Section 188 of the Companies Act, 2013. There were no materially significant related party transactions that may have potential conflict with the interest of company at large. The details of the related party transactions are disclosed under the notes on accounts, as required under the Accounting standard 18 issued by the Institute of Chartered Accountants of India.

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

The Board of Directors has entered into material transactions with Indian Terrain Fashions Limited, related party which would exceed the stipulated threshold of 10% the annual turnover of the company as per the last audited financial statements of the company. So the Board has decided to sought approval from the Shareholders through Special Resolution by way of postal ballot for the material transactions and dispatched Postal notice on 19th March 2015. The results of the Postal Ballot was declared on 21st April 2015 and the Special resolution for entering into material transaction with Indian Terrain Fashions limited was approved by Shareholders with requisite majority.

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 or 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.

### 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 / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the Listing Agreement 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 a part of the Annual Report which is sent to the Members well 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](http://www.celebritygroup.com) and can be downloaded.

### GENERAL SHAREHOLDERS 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 21st May 2015. 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

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

National Stock Exchange of India Limited  
Exchange Plaza, Block G,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400 051

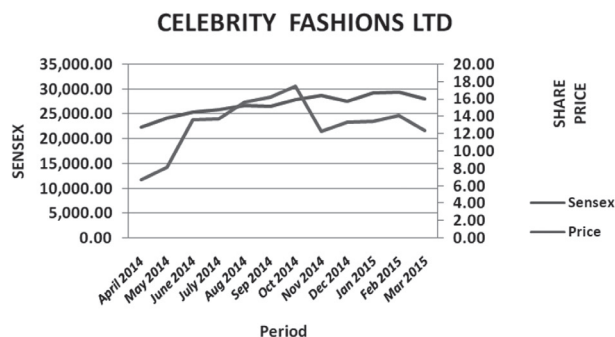
Stock Code: "532695"

Stock Code: "CELEBRITY"

**Market Price Data**

(Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-14	8.42	6.19	75,139	8.10	6.20	46,781
May-14	9.20	6.50	2,10,416	9.10	6.50	85,380
Jun-14	15.30	8.11	5,89,989	14.80	8.10	3,36,132
Jul-14	17.77	12.92	2,76,204	17.75	12.50	2,57,891
Aug-14	15.71	11.70	2,90,426	15.40	11.55	2,24,442
Sep-14	19.24	14.82	4,62,324	19.25	14.55	6,22,943
Oct-14	19.60	14.55	2,30,233	19.60	14.80	3,71,578
Nov-14	18.80	12.00	3,29,988	19.00	11.70	3,23,508
Dec-14	15.75	11.50	2,09,868	15.65	11.75	2,00,017
Jan-15	14.25	12.41	77,366	15.25	12.10	86,205
Feb-15	15.60	12.00	2,45,321	15.95	12.15	2,39,571
Mar-15	15.25	10.80	1,49,353	15.85	11.10	3,07,966

**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](http://www.linkintime.co.in)

E-mail : [celebrityfashions@linkintime.com](mailto:celebrityfashions@linkintime.com)
**Share Transfer System**

The Board has delegated the powers to approve share transfers, transmissions, rematerialisation by constituting a Shareholders/ Investors Grievance 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 agreement if the documents are complete in all respects.

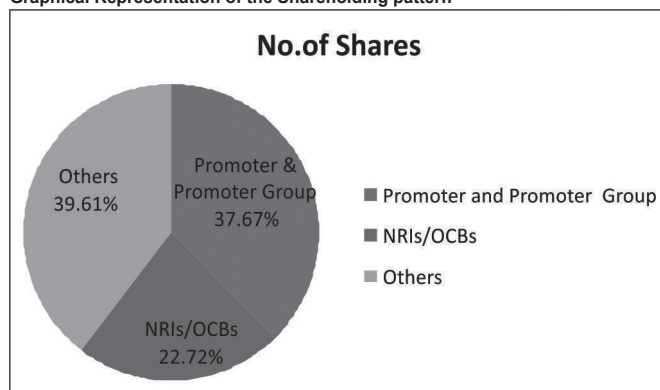
**Distribution of Shareholding:**

Distribution of Shareholding as on 31st March 2015 is as under:

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
1-500	11,16,625	111,66,250	2.86	10805	88.25
501-1000	5,61,863	56,18,630	1.44	676	5.52
1001-2000	5,69,721	56,97,210	1.46	366	2.99
2001-3000	3,16,995	31,69,950	0.81	123	1.00
3001-4000	1,99,621	19,96,210	0.51	56	0.46
4001-5000	2,89,787	28,97,870	0.74	60	0.49
5001-10000	5,19,981	51,99,810	1.33	70	0.57
10001-*****	354,29,172	35,42,91,720	90.84	87	0.71
<b>TOTAL</b>	<b>390,03,765</b>	<b>39,00,37,650</b>	<b>100.00</b>	<b>12243</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March 2015**

Category	No. of Shares	Percentage
<b>Promoter and promoter group</b>		
Promoter and promoter group	14693796	37.67%
<b>Sub Total</b>	<b>14693796</b>	<b>37.67%</b>
<b>NRIs/OCBs</b>		
Foreign Company	3351577	8.59%
Foreign Nationals		
Foreign Institutional Investor	3350000	8.59%
Foreign Portfolio Investor	2100000	5.38%
Non Resident Indians	59025	0.15%
<b>Sub Total</b>	<b>8860602</b>	<b>22.72%</b>
<b>Others</b>		
Clearing Members	150164	0.38%
Financial Institutions/Banks	7469100	19.15%
Private Corporate Bodies	1817242	4.66%
Public	6012861	15.42%
<b>Sub Total</b>	<b>15449367</b>	<b>39.61%</b>
<b>Total</b>	<b>39003765</b>	<b>100.00</b>

**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 2015, 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 2014 – 15.

**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 on 31st March 2015, as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchange(s).

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 statement 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 Listing Agreement.

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 : 21.05.2015  
Place: Chennai

For CNGSN & Associates LLP  
Chartered Accountants  
C.N. Gangadaran  
Partner  
Membership No.11205  
F.R.No.004915S

**Declaration Regarding Compliance by Board Members and Senior Management  
Personal 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, 2015, 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 31,2015.

Date : May 21, 2015  
Place: Chennai

V Rajagopal  
Chairman

**"GROUP COMING WITHIN THE DEFINITION OF GROUP"**

1. Mr.V Rajagopal
2. Mrs.Rama Rajagopal
3. Mr.Suresh Rajagopal
4. Mr.K.A.Rajagopal
5. Ms.Anjali Rajagopal
6. Mr.Vidyuth Rajagopal
7. Celebrity Connections (Partnership Firm)
8. Celebrity Fashions Limited
9. Celebrity Clothing Limited

The above disclosure has been made inter alia for the purpose of Regulation of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,.

For Celebrity Fashions Limited  
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, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then 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 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 judgments 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, and its loss and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note No. 27 of the Financial Statements which indicates that the Company has accumulated losses and that more than 50% of its Net Worth has been eroded. 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, 2015 ("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 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, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act; and
- f. 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 29 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 has been a delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company which is detailed below :

₹ 33,799 outstanding since November 13, 2013.

Place: Chennai  
Date : May 21, 2015

For CNGSN & ASSOCIATES LLP  
Chartered Accountants  
Firm Registration Number 004915S  
C.N. GANGADARAN  
Partner  
Membership Number 11205

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's Report to the members of Celebrity Fashions Limited ("the Company") for the year ended March 31, 2015. We report that:

1. In respect of its Fixed Assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - 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.
2. In respect of its inventories :
  - a. As explained to us the inventories of the Company, except in the case of raw material of the value ₹ 0.99 crores lying in transit for which confirmation has been obtained, have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - 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. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Hence the question of reporting whether the receipt of principal and interest are regular and whether reasonable steps for recovery of over dues of such loans taken do not arise.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets, inventory and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither observed nor have we been informed of any continuing failure to correct major weaknesses in the internal control system.
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 of India has not prescribed the maintenance of cost records under Section 148(1) (d) of the Companies Act, 2013 for any of the products manufactured 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, 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. *However there has been delay in depositing service tax dues with the appropriate authorities during the year.* As explained to us, the Company did not have any dues on account of duty of excise.
 

According to the information and explanations given to us, *except for service tax payable amounting to ₹ 23.04 lakhs* no undisputed amounts payable in respect of provident fund, employees state insurance scheme, income tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at March 31, 2015 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 disputed statutory dues aggregating to ₹ 29.03 lakhs that has not been deposited on account of matters pending before the appropriate authorities are as under:-

Name of the Statute	Nature of Dues	Period 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	5,26,669*
Income Tax Act, 1961	Income Tax	2004-2005	Pending before the Assessing Officer	9,61,087*
Income Tax Act, 1961	Fringe Benefit Tax	2007-2008	Pending for rectification before the Assessing Officer	6,99,860
Income Tax Act, 1961	Fringe Benefit Tax	2008-2009	Pending for rectification before the Assessing Officer	6,01,600
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	1,14,652
<b>Total</b>				<b>29,03,868</b>

\* Relating to Income Tax dues of partnership firm Celebrity Connections

c. According to the information and explanations given to us, the following are the instances of delay in transferring amounts required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under .

₹ 33,799 outstanding since November 13, 2013.

8. The accumulated losses of the Company have exceeded 50% of its net worth as at March 31, 2015. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year. Further during the year the Board for Industrial and Financial Reconstruction (BIFR) has discharged the Company from the purview of the Sick Industrial Companies Act under section 3(1)(o), vide its order dated 04th August 2014.

9. Based on our audit procedures and according to the information and explanations given to us, the Company has defaulted in repayment of ₹18.22 crores (principal amount) and interest amounting to ₹ 1.09 crores in respect of loans availed from State Bank of India. While repayment of principal is pending since March 31, 2015 interest remained unpaid since February 2015, which has however since been regularised.

10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Hence in our opinion clause (x) of paragraph 3 of the Companies (Auditors Report) Order, 2015 is not applicable to the Company.

11. According to the information and explanations given to us and based on the records and documents produced before us, in our opinion the term loans have been applied for the purposes for which they were obtained.

12. According to the information and explanations given to us no material fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Chennai  
Date : May 21, 2015

For CNGSN & ASSOCIATES LLP  
Chartered Accountants  
Firm Registration Number 004915S  
C.N. GANGADARAN  
Partner  
Membership Number 11205

## MANAGEMENT DISCUSSION AND ANALYSIS – 31ST MARCH 2015

This Management Discussion and Analysis Report is prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities and Exchange Board of India and in compliance with the provisions of the Listing Agreement.

### Global Overview

In 2014, the global economy grew by 2.6% (United Nations WESP report 2015). Growth was driven by developing economies, sustained growth in the United States (US) and a moderate revival in European Union.

The global economy seems to be finally leaving behind the worst and longest-lasting financial and economic crisis of the last 80 years. However, this resurgence is moving at a less decisive pace than it has after previous downturns, and heightened risks looming on the horizon could derail the global recovery. Much of the growth in recent years has taken place because of the extraordinary and bold monetary policies in countries such as the United States, Japan, and the United Kingdom. As the economy improves in these countries, a normalization of monetary policy with tightening financial conditions could have an impact on both advanced and emerging economies.

While developed economies are expected to strengthen, aided by lower oil prices and low interest rates, most emerging economies are expected to slow down moderately, due to country specific reasons-with India being an exception.

But the strained geopolitical scenarios with rising tensions in a number of regions can also have negative consequences for the global economic outlook.

### Indian Industrial overview

Indian exports, at \$310.5 billion for 2014-15, missed the annual target by 11.52 per cent as March quarter shipments saw a steep fall of 21.06 per cent. India had set a target of \$340 billion for 2014-15.

Approximately, 60% of the total garments and made-ups manufactured in India are exported to foreign markets like European Union (EU) and United States (US). Indian garment exporters have urged the government to expedite the process of India-EU Free Trade Agreement (FTA). The agreement, if passed through, would give the country a crucial duty free access to Europe. This will further boost the country's apparel exports to the region. The country will also be at par with its competing peers such as Bangladesh which also enjoy nil duty on apparel exports to Europe.

Apart from these two major economies - the US and the European Union, Indian apparel exporters are also vying for further penetration in the relatively newer markets of Middle East, Latin America and Africa.

Indian apparel exporters will savor a sweet time soon with the disruption in production in Bangladesh due to political turmoil and the rising cost of garment produce in China. Orders are being diverted to India from these nations for high-value garments, which is likely to help the Indian apparel exports that has clocked a 13.4% growth in dollar terms in April-February of FY15. But to capture the space in market left by China and Bangladesh, the country has to be competitive in pricing, apart from meeting strict timelines.

Added to the above, country faces continued concerns on deficiency in availability of skilled workers particularly in the garment industry. Since the future of the textile and garments sector is based on the production and export of Apparels items, there is a need to focus on the development and growth of this segment of the sector in order to make available the skilled work force.

The year that went by has witnessed a lot of actions on the operational front. Your company has relocated one of its manufacturing facilities and consolidated its operations. Though the overall capacities have come down with the re-location, the company's capacities utilization improved with improvements to production efficiencies. On the costs front, your company continue to deploy stringent mechanisms to control the overall cost and has initiated rationalization measures on the manpower costs.

### Internal Control Systems and their Adequacy

The Company has developed adequate internal control system commensurate to its size and business 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. The internal audit reports are periodically reviewed by the Management together with the Audit Committee of the Board. The Company has a strong Management Information System as a part of Control Mechanism.

### 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.

**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. But the withdrawal of interest subvention effective 1st April 2014 has increased the interest costs burden of the exporters.

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.

**Financial Performance**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, 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.

**Highlights**

Rs. In Crores

	2014-2015	2013-2014
Income From operations	205.87	235.31
PBIDT	13.84	10.36
Interest	9.33	6.92
PBDT	4.51	3.44
Depreciation	6.80	5.07
Profit/ (Loss) Before Tax	(2.29)	(1.63)
Extra Ordinary Income	-	9.97
Provision for Taxation	-	-
Net Profit / (Loss) after Tax	(2.29)	8.34

**Human Resources/Industrial Relations**

Industrial relations have continued to be harmonious at all units throughout the year. No man-days were lost due to strike, lock out etc.

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 3883 employees as on 31st March 2015.

**Cautionary Statement**

Statement in this 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.

**Balance Sheet as at 31st March 2015**

₹. In Crores

Particulars	Note No.	As at 31-Mar-15	As at 31-Mar-14
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's Funds</b>			
(a) Share Capital	2	64.10	61.45
(b) Reserves and Surplus	3	(63.12)	(59.71)
		<b>0.98</b>	<b>1.74</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-term borrowings	4	27.27	41.98
(b) Deferred tax liabilities (Net)	5	-	-
(c) Other Long-term liabilities	6	1.39	0.82
		<b>28.66</b>	<b>42.80</b>
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	7	20.60	32.04
(b) Trade payables	8	18.72	28.78
(c) Other current liabilities	9	45.20	32.69
(d) Short-term provisions	10	2.42	1.69
		<b>86.94</b>	<b>95.20</b>
<b>Total</b>		<b>116.58</b>	<b>139.74</b>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		58.40	65.20
(ii) Intangible assets		0.11	0.21
		<b>58.51</b>	<b>65.41</b>
(b) Non-Current Investments	12	-	0.05
(c) Long-term loans and advances	13	2.86	2.87
(d) Other non-current assets	14	4.76	3.36
		<b>66.13</b>	<b>71.69</b>
<b>2 Current Assets</b>			
(a) Inventories	15	26.78	24.18
(b) Trade receivables	16	18.27	35.12
(c) Cash and Bank Balances	17	2.19	2.79
(d) Short-term loans and advances	18	0.43	0.36
(e) Other current assets	19	2.78	5.60
		<b>50.45</b>	<b>68.05</b>
<b>Total</b>		<b>116.58</b>	<b>139.74</b>

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

1

For CNGSN & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 4915S

C.N.Gangadaran  
Partner  
Membership No. 11205

Chennai, 21 May, 2015

L.Visalakshi  
Chief Financial Officer

For and on Behalf of the Board  
V. Rajagopal  
Chairman

Charath Ram Narsimhan  
Managing Director

K. Senthilkumar  
Company Secretary

**Statement of Profit and Loss for the Year Ended 31st March 2015**

₹. In Crores (except per share data)

Particulars	Note No.	for the year ended 31-Mar-15	for the year ended 31-Mar-14
I Revenue from Operations (gross)	20	205.87	235.31
<b>Revenue from Operations (net)</b>		<b>205.87</b>	<b>235.31</b>
II Other Income	21	3.58	1.36
<b>Total Revenues</b>		<b>209.45</b>	<b>236.67</b>
<b>III Expenses</b>			
a Cost of Materials	22	107.94	142.24
b Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec		0.62	(4.42)
d Employee Benefit Expenses	23	54.37	48.18
e Other Expenses	24	32.68	40.31
		<b>195.61</b>	<b>226.31</b>
<b>IV Earnings before Interest, Depreciation and Tax</b>		<b>13.84</b>	<b>10.36</b>
a Finance Costs	25	9.33	6.92
b Depreciation		6.80	5.07
<b>Total Expenses</b>		<b>16.13</b>	<b>11.99</b>
<b>V Profit / (Loss) before Tax before Extra-Ordinary Income</b>		<b>(2.29)</b>	<b>(1.63)</b>
<b>VI Extra-Ordinary Income</b>			
Gain under One-Time Settlement Scheme with HDFC Bank		-	9.97
<b>VII Profit / (Loss) before Tax after Extra-Ordinary Income</b>		<b>(2.29)</b>	<b>8.34</b>
<b>VIII Tax Expenses</b>			
a Current Tax Expense		-	-
b Deferred Tax		-	-
		-	-
<b>IX Profit / (Loss) for the Period</b>		<b>(2.29)</b>	<b>8.34</b>
<b>X Earnings Per Share - In Rs. before Extra-Ordinary Item</b>			
-- Basic		(0.60)	(0.61)
-- Diluted		(0.60)	(0.61)
<b>XI Earnings Per Share - In Rs. after Extra-Ordinary Item</b>			
-- Basic		(0.60)	3.09
-- Diluted		(0.60)	3.09

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

1

For CNGSN & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 4915S

C.N.Gangadaran  
Partner  
Membership No. 11205

Chennai, 21 May, 2015

L.Visalakshi  
Chief Financial Officer

For and on Behalf of the Board  
V. Rajagopal  
Chairman

Charath Ram Narsimhan  
Managing Director

K. Senthilkumar  
Company Secretary



## NOTES TO THE ACCOUNTS AS AT 31ST MARCH 2015

### 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.

#### 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 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

## NOTES TO THE ACCOUNTS AS AT 31ST MARCH 2015

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 gratuity 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, base 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, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>2 SHARE CAPITAL</b>		
<b>a Authorised, Issued, Subscribed and Paid-Up Share Capital</b>		
<b>Authorized Share Capital:</b>		
4,40,00,000 (Previous Year 3,80,00,000) Equity Shares of ₹.10/- each	44.00	38.00
2,60,00,000 (Previous Year 3,20,00,000) 1% Cumulative Redeemable Preference Shares of ₹.10/- each	26.00	32.00
<b>Issued, Subscribed and Paid up Capital:</b>		
3,90,03,765 (Previous Year 3,63,53,765) Equity Shares of ₹.10/- each	39.00	36.35
2,51,04,500 (Previous Year 2,51,04,500) 1% Cumulative Redeemable Preference Shares of ₹.10/- each	25.10	25.10
<b>Total</b>	<b>64.10</b>	<b>61.45</b>
<b>b Reconciliation of the number of shares</b>		
Number of Equity Shares outstanding at the beginning of the year	36,353,765	23,034,665
Add: Number of Equity Shares issued during the year	2,650,000	13,319,100
Number of Equity Shares outstanding at the end of the year	39,003,765	36,353,765
Number of 1% Cumulative Redeemable Preference Shares outstanding at the beginning of the year	251,045,000	-
Add: Number of 1% Cumulative Redeemable Preference Shares issued during the year	-	251,045,000
Number of 1% Cumulative Redeemable Preference Shares outstanding at the end of the year	251,045,000	251,045,000
<b>c Rights, Preferences and Restrictions attached to each Class of Shares</b>		
The Company has two classes of shares:		
Equity Shares having a par value of ₹.10/- each with voting rights. Each holder of Equity Shares 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 6 equal annual installments starting with the financial year 2022.		
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.		
<b>d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates</b>	NIL	NIL
<b>e Details of Equity Shares held by each Shareholder holding more than 5%</b>		

Name of the Shareholder	As at 31-Mar-15		As at 31-Mar-14	
	No. of Shares	% held	No. of Shares	% held
Mr. V. Rajagopal	96,42,981	24.7%	69,92,981	19.2%
Mrs. Rama Rajagopal	50,42,054	12.9%	50,42,054	13.9%
M/s State Bank of India	74,69,100	19.1%	74,69,100	20.5%
M/s New Vernon Private Equity Limited	33,51,577	8.6%	34,00,000	9.4%
M/s Leman Diversified Fund	33,50,000	8.6%	33,50,000	9.2%
M/s Davos International Fund	21,00,000	5.4%	21,00,000	5.8%
<b>f Details of 1% Cumulative Redeemable Preference Shares held by each Shareholder more than 5%</b>				
State Bank of India	251,04,500	100.0%	251,04,500	100.0%
<b>g Shares reserved for issuance</b>	NIL		NIL	
<b>h Shares allotted for consideration other than cash during the last 5 years</b>	NIL		NIL	

**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>3 RESERVES AND SURPLUS</b>		
<b>a Securities Premium Reserve</b>		
Opening Balance	2.05	2.05
Add: Additions during the year	-	-
Closing Balance	<b>2.05</b>	<b>2.05</b>
<b>b Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(61.76)	(70.10)
Less: Value of Assets whose useful life has expired (Refer Note 11)	(1.12)	-
Add: Profit / (Loss) for the year	(2.29)	8.34
Closing Balance	<b>(65.17)</b>	<b>(61.76)</b>
<b>Total</b>	<b>(63.12)</b>	<b>(59.71)</b>
<b>4 LONG TERM BORROWINGS</b>		
Secured		
Term loans from Banks		
Clean Term loans	7.95	16.12
Other Term loans	-	4.78
Rent Plus Term loans	1.11	2.87
Funded Interest Term loans	18.21	18.21
<b>Total</b>	<b>27.27</b>	<b>41.98</b>

**Details of Term loans - Bank wise, Repayments and Security**

Term loans from State Bank of India	59.72	61.01
Loans Classified under Other Current Liabilities - being current maturities of long term borrowings	32.45	19.03
<b>Long Term Borrowings</b>	<b>27.27</b>	<b>41.98</b>

The above term loans extended by State Bank of India (SBI) are secured by hypothecation of both present and future current assets including stock and receivables and additionally the following collateral securities:

Entire Plant and Machinery - present and future Land and building situated at 107-A, GST Road, Chrompet, Chennai

Land and building situated at Thiruvanchery, Agaram Road, Tambaram Taluk, Chennai

Land and building situated at 72/1, Poonamalle Bypass Road, Poonamalle, Chennai

Leasehold rights of land and Factory building situated at plot SDF - IV, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600045

Leasehold rights of land situated at C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600045

Building situated at C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045

The said loans from State Bank of India (SBI) are further secured by way of pledge of promoters shares in the Company to an extent of 53,52,516 Equity Shares and the personal guarantee of the promoters. 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 maturity profile and rate of interest of the above loans are as set out below:

**Rates of Interest**

Existing Term loans - Base Rate

Clean Term loan - Base Rate less 5.75%

Rent Plus Term loan - Base Rate plus 3.75%

Funded Interest Term loan - Zero %

	Existing Term loans	Clean Term loan	Rent Plus Term loan	Funded Interest Term loan	Total
2015 - 16	21.41	9.16	1.88		32.45
2016 - 17		1.59	0.55		2.14
2017 - 18		1.59	0.56		2.15
2018 - 19		1.59			1.59
2019 - 20		1.59		18.21	19.80
2020 - 21		1.59			1.59
	<b>21.41</b>	<b>17.11</b>	<b>2.99</b>	<b>18.21</b>	<b>59.72</b>

In accordance with the scheme of arrangement with State Bank of India (SBI), the Company was to remit a sum of ₹.18.22 crs on or before 31st March, 2015 towards principal repayment. As at the Balance Sheet date this amount remained unpaid. Interest on term loans and working capital loans from State Bank of India (SBI) amounting to ₹.1.09 crs (Previous Year ₹.0.35 crs) were pending to be serviced since February 2015. However, the same was regularized in April 2015.

**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>5 DEFERRED TAX LIABILITIES</b>		
Deferred Tax Liability	-	8.34
Deferred Tax Asset on Unabsorbed Depreciation & Business Loss	-	(8.34)
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.		
<b>Total</b>	<b>-</b>	<b>-</b>
<b>6 OTHER LONG-TERM LIABILITIES</b>		
a Trade Payables	0.13	-
b Others:		
Rental security deposit	0.82	0.82
Accrued Expenses	0.44	-
<b>Total</b>	<b>1.39</b>	<b>0.82</b>
Rental security deposit include ₹.0.82 crs (Previous Year ₹.0.82 crs) received from Company under Significant Influence or Control of Key Managerial Personnel (Refer Note 30 (d)(iii))		
<b>7 SHORT-TERM BORROWINGS</b>		
a Loans Repayable on Demand from Banks		
Secured:		
Working Capital Facilities	9.78	13.59
Export Bills Discounted	10.82	18.45
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 both present and future.		
The said loans from State Bank of India (SBI) are further secured by way of Pledge of Promoters Shares in the Company to an extent of 53,52,516 Equity Shares and the personal guarantee of the promoters.		
<b>Total</b>	<b>20.60</b>	<b>32.04</b>
<b>8 TRADE PAYABLES</b>		
a Micro, Small and Medium Enterprises	-	-
b Others	18.72	28.78
<b>Total</b>	<b>18.72</b>	<b>28.78</b>
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 2015 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 ₹.8.38 crs (Previous Year ₹.19.18 crs)		
<b>9 OTHER CURRENT LIABILITIES</b>		
<b>a Current Maturities of Long-Term Borrowings</b>		
Term loans from Banks		
Clean Term Loans	9.16	0.99
Other Term Loans	21.41	16.63
Rent Plus Term Loans	1.88	1.41
	<b>32.45</b>	<b>19.03</b>
<b>b Interest accrued and due on Borrowings</b>		
On Borrowings from State Bank of India	1.10	0.35
<b>c Accrued Salaries and Benefits</b>		
Salaries and Wages Payable	2.61	2.90
Bonus Payable	2.50	1.17
	<b>5.11</b>	<b>4.07</b>



**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>d Other Liabilities</b>		
Withholding and Other Taxes Payable (Refer Note 26)	1.11	1.00
Accrued Expenses	5.43	8.24
	<b>6.54</b>	<b>9.24</b>
<b>Total</b>	<b>45.20</b>	<b>32.69</b>

**10 SHORT-TERM PROVISIONS**

<b>a Provision for Employee Benefits</b>		
Provision for Unavailed leave	1.86	1.76
Provision for Gratuity (Refer Note 32)	0.56	(0.07)
<b>Total</b>	<b>2.42</b>	<b>1.69</b>

**11 FIXED ASSETS**
**TANGIBLE ASSETS**

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/14	Additions	Deductions/ Adjustments	As on 31/03/15	As on 01/04/14	For the year	Deductions/ Adjustments	As on 31/03/15	As on 31/03/15	As on 31/03/14
1	Land and Site Development	1.71	-	-	1.71	-	-	-	-	1.71	1.71
2	Buildings	27.40	-	-	27.40	10.38	0.46	-	10.84	16.56	17.02
3	Plant & Machinery	65.65	0.96	2.58	64.03	28.30	3.72	2.52	29.50	34.53	37.35
4	Electrical Installation	9.67	-	-	9.67	4.37	0.96	-	5.33	4.35	5.30
5	Office Equipments	1.93	0.00	1.61	0.33	0.71	0.21	0.66	0.26	0.07	1.22
6	Computers	7.45	0.03	7.05	0.43	7.05	0.20	6.95	0.30	0.14	0.41
7	Vehicles	0.14	-	0.13	0.01	0.09	0.03	0.12	0.00	0.01	0.05
8	Furniture & Fixtures	5.03	-	0.62	4.41	2.89	1.04	0.57	3.36	1.05	2.14
	<b>Total</b>	<b>119.00</b>	<b>0.99</b>	<b>11.99</b>	<b>107.99</b>	<b>53.79</b>	<b>6.62</b>	<b>10.82</b>	<b>49.59</b>	<b>58.40</b>	<b>65.20</b>
	<b>Previous Year</b>	<b>118.93</b>	<b>1.20</b>	<b>1.14</b>	<b>119.00</b>	<b>49.86</b>	<b>5.02</b>	<b>1.09</b>	<b>53.79</b>	<b>65.20</b>	<b>69.08</b>

**INTANGIBLE ASSETS**

Sl. No.	Particulars	Gross Block				Amortization				Net Block	
		As on 01/04/14	Additions	Deductions/ Adjustments	As on 31/03/15	As on 01/04/14	For the year	Deductions/ Adjustments	As on 31/03/15	As on 31/03/15	As on 31/03/14
1	Computer Software	2.21	0.09	1.94	0.36	2.00	0.18	1.94	0.25	0.11	0.21
	<b>Total</b>	<b>2.21</b>	<b>0.09</b>	<b>1.94</b>	<b>0.36</b>	<b>2.00</b>	<b>0.18</b>	<b>1.94</b>	<b>0.25</b>	<b>0.11</b>	<b>0.21</b>
	<b>Previous Year</b>	<b>2.17</b>	<b>0.04</b>	<b>-</b>	<b>2.21</b>	<b>1.96</b>	<b>0.05</b>	<b>-</b>	<b>2.00</b>	<b>0.21</b>	<b>0.22</b>

Pursuant to the enactment Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/ remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted in the opening balance of Reserves and Surplus amounting to ₹.1.12 crs (Refer Note No.3)

**12 NON-CURRENT INVESTMENTS**

Investments at Cost		
Trade Investments		
Investments in Equity Instruments of Subsidiary Company - Celebrity Clothing Limited		
Nil Shares (Previous Year 50,000 shares) of ₹.10/- each	-	0.05
<b>Total</b>	<b>-</b>	<b>0.05</b>

The Board of Directors decided to wind up the dormant subsidiary - Celebrity Clothing Limited using Fast Track Exit (FTE) mode U/s. 560 of the erstwhile Companies Act, 1956. Accordingly, Celebrity Clothing Limited has filed with the Ministry of Corporate Affairs (MCA) for striking off. As on 31st March, 2015, the same is pending disposal.

**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>13 LONG-TERM LOANS AND ADVANCES</b>		
Unsecured and considered good		
a Deposits	2.57	2.58
b Advance Income Tax (Net of Provision)	0.29	0.29
<b>Total</b>	<b>2.86</b>	<b>2.87</b>
<b>14 OTHER NON-CURRENT ASSETS</b>		
Others		
a Interest accrued on Fixed Deposits	0.06	0.06
b Receivable from Government Authorities		
Duty Drawback Receivable	0.09	0.10
Service Tax Receivable	0.90	0.43
Cenvat Receivable	0.22	0.22
c Withholding Taxes Receivable	2.00	1.73
d Rent Receivable	1.49	0.83
<b>Total</b>	<b>4.76</b>	<b>3.36</b>
Duty Drawback and Service Tax receivable amounting to ₹.0.09 crs (Previous Year ₹. 0.10 crs) and ₹.0.90 crs (Previous Year ₹. Nil respectively have been outstanding for a period exceeding 12 months and accordingly has been grouped under Other Non Current Assets.		
<b>15 INVENTORIES</b>		
a Raw Materials	13.80	10.58
b Work-in-Progress	2.30	2.28
c Finished Goods	10.68	11.32
<b>Total</b>	<b>26.78</b>	<b>24.18</b>
Raw Materials include Stock in Transit of ₹.1 cr (Previous Year ₹ NIL)		
<b>16 TRADE RECEIVABLES</b>		
Unsecured and considered good		
a Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
b Others	18.27	35.12
<b>Total</b>	<b>18.27</b>	<b>35.12</b>
Trade Receivables include ₹.4.03 crs (Previous Year ₹.9.20 crs) receivable from Company under Significant Influence or Control of Key Managerial Personnel (Refer Note 30 (d)(iv))		
<b>17 CASH AND BANK BALANCES</b>		
a Cash and cash equivalents		
Balances with Banks		
in Current Account	0.66	0.74
Cash on hand	0.20	0.23
	<b>0.86</b>	<b>0.97</b>
b Other Bank Balances		
Fixed Deposits with Banks	1.33	1.82
<b>Total</b>	<b>2.19</b>	<b>2.79</b>
Fixed deposits with banks include deposits of ₹. 1.33 crs with a maturity of more than 3 months, but less than 12 months (Previous Year ₹. 1.82 crs with a maturity of more than 3 months, but less than 12 months)		
Fixed deposits with banks comprises of restricted bank balances of ₹.1.17 crs (Previous year ₹.1.68 crs) The restrictions are primarily on account of fixed deposits held as margin money against borrowings / bank guarantees.		

**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>18 SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured and considered good		
Others		
a Advances		
Prepaid Expenses	0.11	-
Loans and advances to Employees	0.32	0.36
<b>Total</b>	<b>0.43</b>	<b>0.36</b>
<b>19 OTHER CURRENT ASSETS</b>		
Unsecured and considered good		
a Advances to suppliers of goods and services	0.40	0.84
b Amount Receivable / (Payable) on Forward Contracts	0.19	-
c Balances with Government Authorities		
Duty Drawback Receivable	1.24	3.85
Service Tax Receivable	0.76	0.82
VAT - Input Credit	0.19	0.09
<b>Total</b>	<b>2.19</b>	<b>4.76</b>
<b>20 REVENUE FROM OPERATIONS (GROSS)</b>	<b>2.78</b>	<b>5.60</b>
a Sale of Products		
Manufactured goods		
Exports	160.44	186.12
Domestic (Gross)	17.98	34.91
b Other Operating Revenues		
Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)	2.22	(6.28)
Income from Job Contract Manufacturing Activities	21.58	13.93
Duty Drawback	3.65	6.63
<b>Total</b>	<b>205.87</b>	<b>235.31</b>
<b>21 OTHER INCOME</b>		
a Interest income	0.14	0.25
b Profit on redemption of mutual funds and sale of non-current investments (net)	0.03	0.31
c Rental income	3.36	0.80
d Profit on sale of fixed assets (net)	0.05	-
<b>Total</b>	<b>3.58</b>	<b>1.36</b>
Interest income comprises:		
Interest on fixed deposits with Banks	0.12	0.21
Interest on employee loans	0.02	0.04
Profit on redemption of mutual funds and sale of non-current investments (net) comprises:		
Profit on redemption of mutual funds	0.08	0.31
Loss on sale of non-current investments in Subsidiary Company - Celebrity Clothing Limited (Refer Note 12)	(0.05)	-
Rental income includes a sum of ₹. 1.26 crs pertaining to previous years rent receivable on leased property.		
<b>22 COST OF MATERIALS</b>		
Opening Stock of Materials	10.58	6.20
Add: Purchases of Materials	110.16	146.62
Closing Stock of Materials	12.80	10.58
<b>Total</b>	<b>107.94</b>	<b>142.24</b>
<b>CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC</b>		
<b>Closing Stock</b>		
Finished Goods	10.68	11.32
Work-in-Progress	2.30	2.28
<b>Opening Stock</b>		
Finished Goods	11.32	7.70
Work-in-Progress	2.28	1.48
<b>Total</b>	<b>0.62</b>	<b>(4.42)</b>

**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>23 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	46.95	41.37
Contribution to Provident and Other Funds	5.05	4.77
Staff Welfare Expenses	2.37	2.04
<b>Total</b>	<b>54.37</b>	<b>48.18</b>
<b>24 OTHER EXPENSES</b>		
Subcontracting and Garment Processing Costs	4.33	10.56
Consumables	1.36	1.39
Power & Fuel	3.97	4.75
Rent	4.78	3.14
Insurance	0.45	0.72
Maintenance Expenses	2.90	3.22
Rates and Taxes	0.12	0.26
Shipping Charges	1.81	2.48
Export Expenses	0.31	1.05
Traveling & Conveyance	8.68	8.74
Consultancy Charges	0.75	0.64
Communication Expenses	0.56	0.60
Selling Commission & Discounts	0.19	-
Printing & Stationery	0.51	0.54
Auditors' Remuneration	0.07	0.07
Other Miscellaneous Expenses	1.89	2.15
<b>Total</b>	<b>32.68</b>	<b>40.31</b>
Auditors' Remuneration includes ₹.4.78 lakhs (Previous Year ₹.4.78 lakhs) against Statutory Audit, ₹.0.74 lakhs (Previous Year ₹.0.74 lakhs) against Tax Audit and ₹. NIL (Previous Year ₹.1.24 lakhs) against Cost Audit		
An amount of ₹.2.07 lakhs (Previous Year ₹.5.73 lakhs) was paid to the Auditors towards certification, out-of-pocket expenses and for representation in taxation matters and the same is classified under Consultancy Charges		
Directors Sitting Fee of ₹.0.42 lakhs (Previous year ₹.0.40 lakhs ) is grouped under Other Miscellaneous expenses		
<b>25 FINANCE COSTS</b>		
a Interest on		
Term loans	3.36	2.61
Working Capital & Others	4.51	2.62
b Other Borrowing Costs - Bank Charges	1.27	1.48
c Net (Gain) / Loss on Foreign Currency Transactions (considered as Finance Costs)	0.19	0.21
<b>Total</b>	<b>9.33</b>	<b>6.92</b>
Interest on Term loans is net off TUF Interest subsidy; Current Year ₹. NIL (Previous Year ₹.0.53 crs)		

**Notes on Financial Statements for the Year ended 31st March, 2015**

26 During the year under review, the Company had arrived at an out of court settlement with its tenant. In this connection, the Company has recognized an income of ₹.1.26 crs pertaining to previous years under rental income. Further the Company has entered into a fresh lease deed and Memorandum of Understanding, whereby the tenant has agreed to pay ₹.2.25 crs towards settlement of old dues outstanding till 31st March, 2014 in installments. As at 31st March, 2015 service tax amounting to ₹.0.30 crs (Previous Year ₹.0.04 crs) on account of renting of immovable property is yet to be remitted to Government Account. Provision has been made in the accounts for the service tax payable.

**27 EROSION OF NETWORK, DECLARATION AS SICK UNIT AND STATUS OF DEBT REHABILITATION SCHEME**

The Company's network was eroded as on 31st March 2010 under the provisions of Sick Industries Companies Act, (SICA). Accordingly the Company filed reference with the Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of SICA. The reference was taken for consideration by BIFR and upon submissions made and material on record, BIFR has declared the Company as Sick Industrial Company u/s 3(1)(o) of SICA vide its order dated 19th April 2011. BIFR appointed State Bank of India as the Operating Agency (OA) and issued directions to submit a Rehabilitation Scheme for the revival of the Company as per Section 18 of SICA.

State Bank of India (SBI), the OA has sanctioned a re-structuring package for the Company vide its letter dated 16th November 2012. The OA has submitted the same for approval before Hon'ble BIFR.

The package includes interest concessions, re-schedulement of Term loans and Conversion of portion of Term loans into Equity and 1% Cumulative Redeemable Preference Shares (CRPS). The Company has settled the dues of HDFC Bank under One-Time Settlement Scheme. The gain on settlement of HDFC Bank's dues was recognized as Extra-Ordinary Item during the year ended 31st March 2014 in the Profit and Loss Account. The Rehabilitation Scheme was as of 31st March 2014 pending for approval before Hon'ble BIFR.

The Company's network turned positive under provisions of Sick Industries Companies Act (SICA) as on 31st March 2014. Accordingly, the Company filed for discharge under the purview of SICA before BIFR. BIFR vide its order dated 4th August 2014 has discharged the Company from the purview of BIFR.

The Accounts of the Company has been prepared on "Going Concern" basis.

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>28 EARNINGS PER SHARE</b>		
<b>Earnings Per Share - In ₹. before Extra-Ordinary Income</b>		
Basic	(0.60)	(0.61)
Diluted	(0.60)	(0.61)
<b>Earnings Per Share - In ₹. after Extra-Ordinary Income</b>		
Basic	(0.60)	3.09
Diluted	(0.60)	3.09
<b>Earnings per Share is calculated as under:</b>		
a Numerator		
<b>Net Profit after Tax as disclosed in Statement of Profit and Loss before Extra-Ordinary Income</b>	(2.29)	(1.63)
<b>Net Profit after Tax as disclosed in Statement of Profit and Loss after Extra-Ordinary Income</b>	(2.29)	8.34
b Denominator		
Weighted Average Number of Equity Share Outstanding		
Basic	38,132,532	26,982,363
Diluted	38,132,532	26,982,363
c Nominal Value of Equity Share (In ₹.)	10.00	10.00
No. of Shares as on 1st April	36,353,765	23,034,665
No. of Shares as on 31st March	39,003,765	36,353,765
<b>29 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)</b>		
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	1.64	0.96
c Claims against Company not acknowledged as debts being petition/ appeals pending before the Assessing Officer/ Commissioner of Income Tax (Appeals).	0.29	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 2015. As per the terms of the Sanction letter, Banks have the right to be recompensated in future for the sacrifice extended.		

**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>30 RELATED PARTY TRANSACTIONS</b>		
<b>a Key Managerial Personnel:</b>		
Mr. V.Rajagopal		
Mrs. Rama Rajagopal		
Mr. Charath Ram Narsimhan		
Mr. Vidyuth Rajagopal		
<b>b Enterprises under Control or Significant Influence of Key Managerial Personnel:</b>		
M/s Indian Terrain Fashions Limited		
M/s Celebrity Clothing Limited		
M/s Celebrity Connections		
<b>c Transactions carried out with Related Parties during the Year</b>		
Key Managerial Personnel		
Managerial Remuneration	-	-
Salaries - Mr. Vidyuth Rajagopal	0.02	-
Enterprises Under Same Management		
Job work Charges, Material Transfers and Rentals	32.70	36.35
Unsecured Loan from Celebrity Connections	-	2.65
<b>d Outstanding Balances as on 31.03.15</b>		
i Payable as Managerial Remuneration	-	-
ii Payable as Salaries - Mr. Vidyuth Rajagopal	0.00	-
iii Other Payables - Rental security deposit - Indian Terrain Fashions Limited	0.82	0.82
iv Trade Receivable against Job work Charges and Material Transfers - Indian Terrain Fashions Limited	4.03	9.20
<b>31 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES</b>		
Loans and advances in the nature of loans given to Subsidiaries, Associates and Others	-	-
<b>32 EMPLOYEE BENEFIT PLAN - GRATUITY</b>		
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.		
<b>Amount Recognized in the Balance Sheet in respect of gratuity</b>		
<b>Present Value of Defined Benefit Obligation at the end of the Year</b>	1.32	1.09
<b>Fair Value of Plan Assets at the end of the Year</b>	0.76	1.16
<b>Net Liability / (Asset)</b>	<b>0.56</b>	<b>(0.07)</b>
<b>Amount Recognized in Profit and Loss Account in respect of gratuity</b>		
Current Service Cost	0.15	0.17
Interest on Defined Benefit Obligations	0.10	0.08
Expected Return on Plan Assets	0.10	(0.08)
Net Actuarial (Gain) / Loss recognized during the Period	0.59	0.50
<b>Net Gratuity Cost</b>	<b>0.93</b>	<b>0.67</b>
<b>Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	0.10	0.08
Actuarial Gain / (Loss) on Plan Assets	0.02	(0.01)
<b>Actual Return on Plan Assets</b>	<b>0.12</b>	<b>0.07</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Opening Defined Benefit Obligation	1.09	0.95
Current Service Cost	0.15	0.17
Interest Cost	0.10	0.08
Actuarial (Gain) / Loss	0.61	0.49
Benefits Paid	(0.63)	(0.59)



**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>Closing Defined Benefit Obligation</b>	<b>1.32</b>	<b>1.09</b>
Opening Fair Value of Plan Assets	1.16	0.99
Expected Return on Plan Assets	0.10	0.08
Actuarial Gain / (Loss)	0.02	(0.01)
Employer Contributions	0.10	0.70
Benefits Paid	(0.63)	(0.59)
<b>Closing Fair Value of Plan Assets</b>	<b>0.76</b>	<b>1.16</b>
<b>Closing balances of Defined Benefit Obligation</b>		
Defined Benefit Obligation at the beginning of the Year	1.09	0.95
Interest Cost	0.10	0.08
Current Service Cost	0.15	0.17
Benefit Paid	(0.63)	(0.59)
Actuarial (gain) / loss on obligations	0.61	0.49
Liability at the end of the Year	1.32	1.09
<b>Closing balances of Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the Year	1.16	0.99
Expected Return on Plan Assets	0.10	0.08
Employer Contributions	0.10	0.70
Benefits Paid	(0.63)	(0.59)
Actuarial gain/(loss) on Plan Assets	0.02	(0.01)
Fair Value of Plan Assets at the end of the Year	0.76	1.16
Actual Return on plan assets	0.12	0.07
<b>Investment Details of Plan Assets</b>		
Money Market Instruments	66%	80%
Assets under Insurance Schemes	34%	20%
<b>Principal Actuarial Assumptions at the Balance Sheet Date</b>		
Discount Rate	8.75%	8.75%
Estimated Rate of Return on Plan Assets	8.75%	8.75%
The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
<b>33 OTHERS</b>		
<b>a Aggregate Expenses</b>		
Electricity Expenses included under Power and Fuel	2.68	2.35
<b>b Earnings in Foreign Currency</b>		
Export of Goods - FOB Value	160.44	186.12
<b>c Expenditure in Foreign Currency</b>		
Software Expenses	0.06	0.10
Travel	0.08	0.04
Claims	0.27	1.01
Spares	0.19	0.18
Interest	0.02	0.05
Consultancy	0.04	-
<b>d Value of Imports</b>		
Raw materials	47.91	74.77
Capital Goods	0.22	0.03
<b>e Imported and Indigenous Consumption of Raw materials</b>		
Imported		
₹. In Crores	50.08	77.81
% to Total	46.4%	54.7%
Indigenous		
₹. In Crores	57.86	64.44
% to Total	53.6%	45.3%

**Notes on Financial Statements for the Year ended 31st March, 2015**

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>34 OTHER DISCLOSURES</b>		
a Foreign Exchange Differences		
Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account	2.09	(6.07)
Premium / (Discount) on Forward Foreign Exchange Contracts recognized	0.13	(0.21)
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.		

For CNGSN & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 4915S

C.N.Gangadaran  
Partner  
Membership No. 11205

Chennai, 21 May, 2015

L.Visalakshi  
Chief Financial Officer

For and on Behalf of the Board  
V. Rajagopal  
Chairman

Charath Ram Narsimhan  
Managing Director

K. Senthilkumar  
Company Secretary

**Cashflow Statement for the year ending 31st March 2015**

₹. In Crores

Sl. No.	Particulars	2014-15	2013-14
<b>A</b>	<b>Cashflow from Operating Activities</b>		
	<b>Net Profit before Tax and before Extra-Ordinary Items</b>	(2.29)	(1.63)
	Adjustments for:		
	Depreciation for the Year	6.80	5.07
	Depreciation for Sale of Assets	(0.24)	(1.09)
	Assets Value Written off - Life Time Expiry	(1.11)	-
	Unrealised (Gain) / Loss on Exchange Differences	0.14	(0.07)
	Interest & Finance Charges paid	9.33	6.92
	Interest Income	(0.14)	(0.25)
	(Profit) / Loss on Sale of Investments	(0.03)	14.76
		(0.31)	10.27
	<b>Operating Profit before Working Capital Changes</b>	<b>12.47</b>	<b>8.64</b>
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	11.09	(5.44)
	Decrease / (Increase) in inventories	(2.59)	(8.81)
	Increase / (Decrease) in creditors and other payables	(10.06)	8.58
	<b>Cash generated from Operations</b>	<b>10.91</b>	<b>2.97</b>
	Income Taxes Refund / (Paid) (net)	(0.27)	(0.06)
	<b>Net Cash from Operating Activities</b>	<b>10.64</b>	<b>2.91</b>
<b>B</b>	<b>Cashflow from Investing Activities</b>		
	(Purchase) / Sale of Fixed Assets - Net	(0.78)	(0.10)
	Value of Assets with Expired Life	1.11	-
	(Purchase) / Sale of Investments (net)	0.03	0.31
	Investments written off	0.05	-
	Interest Received	0.14	0.55
		0.25	0.45
	<b>Net Cash (Used In) / from Investing Activities</b>	<b>0.55</b>	<b>0.45</b>
<b>C</b>	<b>Cashflow from Financing Activities</b>		
	Proceeds from issue of Share Capital	2.65	5.85
	Conversion of Loans into Share Capital	-	32.57
	Short Term Borrowings	(3.81)	3.59
	Term loan Receipts (Net)	(1.30)	(35.33)
	Repayment of Loans under One-Time Settlement Scheme	-	(5.00)
	Interest and Finance Charges paid	(9.33)	(11.79)
		(6.92)	(5.23)
	<b>Net Cash (Used In) / from Financing Activities</b>	<b>(11.79)</b>	<b>(5.23)</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>(0.60)</b>	<b>(1.87)</b>
	Cash and Cash Equivalents (Opening Balance)	2.79	4.66
	<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>2.19</b>	<b>2.79</b>
1	The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3		
2	Cash and Cash equivalents represents		
	-- Cash balances		
	-- Bank balances		
	-- Deposits held as Margin Money against Borrowings / Guarantees (Refer Note 17)		
3	Previous year figures are re-grouped / re-classified in line with current year requirements		
	To be read with our report of even date		
For CNGSN & Associates LLP		For and on Behalf of the Board	
Chartered Accountants		V. Rajagopal	
ICAI Firm Registration No. 4915S		Chairman	
C.N.Gangadaran		Charath Ram Narsimhan	
Partner		Managing Director	
Membership No. 11205			
Chennai, 21 May, 2015		K. Senthilkumar	
L.Visalakshi		Company Secretary	
Chief Financial Officer			

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**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 SIXTH 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 2.30 P.M. on Friday, the 25th day of September, 2015.

.....  
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, 2015]

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) of ..... 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 Sixth Annual General Meeting of the Company to be held on Friday, the 25th day of September 2015 at 2.30 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. |
| 7. |    |

Affix  
Re. 1/-  
Revenue  
Stamp

Signed this..... Day of..... 2015.

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