



Celebrity Fashions Limited

26th August 2023

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai - 400001

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400051

Scrip Code - 532695

NSE Symbol: CELEBRITY

Dear Sir/Madam,

Sub: Submission of Annual Report for the financial year 2022-23

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the financial year 2022-23 along with the notice convening the Annual General Meeting to be held on Monday, 18th September 2023 at 02.30 P.M. IST through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”).

The Annual Report for the financial year 2022-23 is also available on the Company’s website at www.celebritygroup.com.

This is for your information and records.

Thanking you,

Yours faithfully,

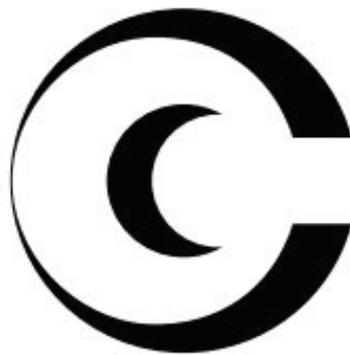
For CELEBRITY FASHIONS LIMITED

A. Rishi Kumar

Company Secretary & Compliance Officer

Encl.: As above

Celebrity Fashions Limited



34th
ANNUAL REPORT 2022-2023

Contents

| | Page No |
|------------------------------------|---------|
| Notice | 3 |
| Board's Report | 8 |
| Management Discussion and Analysis | 15 |
| Report on Corporate Governance | 17 |
| Independent Auditor's Report | 26 |
| Balance sheet | 32 |
| Statement of Profit & Loss | 34 |
| Cash Flow Statement | 35 |

BOARD OF DIRECTORS

| | |
|-------------------------|----------------------|
| Mr. Venkatesh Rajagopal | Chairman |
| Mr. Vidyuth Rajagopal | Managing Director |
| Mrs. Rama Rajagopal | Whole Time Director |
| Mr. N.K. Ranganath | Independent Director |
| Mrs. Nidhi Reddy | Independent Director |
| Mr. Manoj Mohanka | Independent Director |
| Mr. K. Sridhar | Independent Director |

Chief Financial Officer

Mr. S. Venkataraghavan

Company Secretary & Compliance Officer

Mr. A. Rishi Kumar

Registered Office

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

Banker

State Bank of India, Overseas Branch
Chennai – 600 001

Statutory Auditors

M/s. SRSV & Associates,
T. Nagar, Chennai - 600017.

Internal Auditors

M/s RVKS & Associates,
Raj Paris Trimeni Towers, 147, First Floor,
G N Chetty Rd, T. Nagar, Chennai - 600 017.

Secretarial Auditors

M/s. BP & Associates
Guna Complex, Teynampet, Chennai – 600 018.

MANUFACTURING FACILITIES

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

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

No 14, Alamathi Road, Vellanur, Chennai, Tamil Nadu, 600062.

Washing Plant

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

No 14, Alamathi Road, Vellanur, Chennai, Tamil Nadu, 600062.

Registrar and Share Transfer Agent

Link Intime India Private Limited
www.linkintime.co.in

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 34th ANNUAL GENERAL MEETING (AGM) of the members of CELEBRITY FASHIONS LIMITED will be held on Monday, 18th September 2023 at 2.30 P.M. IST through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2023 together with the reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mrs. Rama Rajagopal (DIN: 00003565), who retires by rotation and being eligible, offers herself for re-appointment.

By Order of the Board
For **CELEBRITY FASHIONS LIMITED**

A Rishi Kumar
Company Secretary
Membership. No.: F12702

Place: Chennai
Date: 14th August, 2023

Registered Office:

SDF – IV & C2, 3rd Main Road,
MEPZ-SEZ, Tambaram,
Chennai - 600 045.
Phone: +91-44-4343 2120
E-mail: investorservices@celebritygroup.com
CIN: L17121TN1988PLC015655
Website: www.celebritygroup.com

NOTES:

1. The Government of India, Ministry of Corporate Affairs has allowed conducting Annual General Meeting ("AGM") through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed the personal presence of the shareholders at the meeting. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 20/2020 dated 5th May, 2020, Circular No. 02/2021 dated 13th January, 2021, Circular No. 21/2021 dated 14th December, 2021, Circular No. 02/2022 dated 5th May, 2022 and latest being Circular No. 10/2022 dated 28th December, 2022 ("MCA Circulars"). In terms of the said circulars, the 34th AGM of the shareholders will be held through VC/OAVM. Hence, shareholders can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the said AGM through VC/OAVM is given below in the e-voting instructions.
2. **Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.**
3. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contract or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, shall be made available for inspection during the AGM in accordance with the applicable statutory requirements based on the requests received by the Company on investorservices@celebritygroup.com.
4. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice.
5. The Register of Members and Share Transfer Books will remain closed from Tuesday, September 12, 2023 to Monday, September 18, 2023 (both days inclusive) for the purpose of the AGM.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
8. Institutional investors, who are Members of the Company, may attend the 34th AGM of the Company through VC/ OAVM mode and vote electronically. Corporate members are required to send a scanned copy (in PDF/ JPG Format) of the Board Resolution/ Power of Attorney authorising its representatives to attend and vote at the AGM through VC / OAVM on its behalf pursuant to Section 113 of the Act. The said Resolution/Authorisation shall be sent to the Scrutinizer by email through its registered email address to chandramouli@bpcorpadvisors.com
9. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
10. In line with the Ministry of Corporate Affairs (MCA) Circulars, the Notice calling the AGM has been uploaded on the website of the Company at www.celebritygroup.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e., www.evotingindia.com.

11. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual members holding shares in the physical form. The members who are desirous of availing this facility, may kindly write to Company's R & T Agent for nomination form by quoting their folio number.
12. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (DP) with whom they are maintaining their demat accounts.
13. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC, Mandates, Nominations, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., to their DP.
14. In line with the Ministry of Corporate Affairs (MCA) Circular No. 10/2022 dated December 28, 2022 and SEBI Circular Reference: SEBI/HO/CFD/PoD-2/P/ CIR/2023/4 dated January 5, 2023, the Annual Report 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Depositories and have been uploaded on the website of the Company at www.celebritygroup.com. The Notice of the AGM is available on the website of the Company at www.celebritygroup.com. The Notice and the Annual Report can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also available on the website of CDSL.

In view of the exemptions provided, no physical or hard copies of the Notice and Annual Report will be sent to Members who have not registered their e-mail addresses with the Company/RTA. Physical copy of the Annual Report shall be provided to those Members who have made a specific request in this regard.

Demat – Members may contact their DPs and register or update their respective e-mail addresses in the demat account, as per the process recommended by the DP.

As an eco-friendly measure intending to benefit the society at large, we request you to be part of the e-initiative and register your e-mail address to receive all communication and documents including Annual reports from time to time in electronic form, with DP.

15. Members holding shares in physical form are requested to notify/send any change in their address/bank mandate to the Company's Registrar and Share Transfer Agent ("RTA") at:
- Link Intime India Private Limited,
C - 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083.
Tel No.: +91-22-49186270 Fax No.: +91-22-4918 6060
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Members may also address all other correspondences to the Registrar and Share Transfer Agent at the address mentioned above.

INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM:

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations and applicable MCA circulars, the Members are provided with the facility to cast their vote electronically (through remote e-Voting as well as the e-Voting on the date of the AGM), through the e-Voting services provided by CDSL, on all the resolutions set forth in this Notice.

The remote e-Voting period begins on **Thursday, 14th September 2023 (9.00 A.M. IST)** and will end on **Sunday, 17th September 2023 at (5.00 P.M. IST)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Monday, 11th September 2023** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a member as on the Cut-off date should treat Notice of this Meeting for information purposes only

The procedure for members for voting electronically are as follows:

- Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

Note:

- (i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (ii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iii) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020**, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/ NSDL** is given below:

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e- Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e., CDSL/NSDL/KARVY/LINKIN-TIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p> |

| | |
|---|---|
| <p>Individual Shareholders holding securities in demat mode with NSDL Depository</p> | <p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e., your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p> |
| <p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)</p> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|--|---|
| <p>Individual Shareholders holding securities in Demat mode with CDSL</p> | <p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33</p> |
| <p>Individual Shareholders holding securities in Demat mode with NSDL</p> | <p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p> |

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (iv) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 2. Click on "**Shareholders**" module.
 3. Now enter your User ID
 - a. For **CDSL**: 16 digits beneficiary ID,
 - b. For **NSDL**: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 4. Next enter the Image Verification as displayed and Click on "**Login**".
 5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below :

| For Physical shareholders and other than individual shareholders holding shares in Demat. | |
|---|--|
| PAN | <ul style="list-style-type: none"> • Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | <ul style="list-style-type: none"> • 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. • 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. |

- (v) After entering these details appropriately, click on "**SUBMIT**" tab.
- (vi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the EVSN of "**Celebrity Fashions Limited**" to vote.
- (ix) 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.
- (x) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- (xi) 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.

- (xii) Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xiv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on “**FORGOT PASSWORD**” & enter the details as prompted by the system.
- (xv) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xvi) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created 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 linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz investorservices@celebritygroup.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/ OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least seven days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investorservices@celebritygroup.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance seven days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investorservices@celebritygroup.com. These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. **For Physical shareholders** - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. **For Demat shareholders** -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. **For Individual Demat shareholders** – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you may refer the Frequently Asked Questions and e-voting manual available at www.evotingindia.com under help section or contact 022-23058738, 022-23058542/43 or at toll free no. 1800 22 55 33 or write an email to helpdesk.evoting@cdslindia.com.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or at toll free no. 1800 22 55 33 or sending an email to helpdesk.evoting@cdslindia.com.

Voting Results

- a) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on Monday, 11th September 2023, being the cut-off date. Members are eligible to cast vote only if they are holding shares as on that date.
- b) The Board of Directors of the Company has appointed M/s. BP & Associates, Practising Company Secretaries as the Scrutinizer to scrutinize the voting including remote e-voting process in a fair and transparent manner.
- c) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote E-voting and E-voting and make, not later than two working days of conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- d) The results will be announced within the time stipulated under the applicable laws. Once declared, the results along with the consolidated Scrutinizer’s report shall be placed on the Company’s website www.celebritygroup.com and on the website of CDSL www.evotingindia.com. The Company shall also send the results to BSE Limited and the National Stock Exchange of India Limited, Depositories and the Registrar and Share Transfer Agent.
- e) The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. on Monday, September 18, 2023, subject to receipt of the requisite number of votes in favour of the Resolutions.

Details of the Director seeking appointment / re-appointment at the 34th Annual General Meeting

[Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

| | |
|--|---|
| Name of the Director | Mrs. Rama Rajagopal (DIN: 00003565) |
| Age | 67 Years |
| Nationality | Indian |
| Qualification | Postgraduate in Economics from University of Bangalore |
| Nature of Expertise/ Experience | General Management & Administration |
| Date of first appointment to the Board | 04 th January 1994 |
| Terms of previous appointment | Appointed for 3 (three) years with effect from 10 th November 2021 up to 09 th November 2024. |
| Remuneration last drawn in the FY 2022-23 | 78.00 lakhs |
| Remuneration proposed to be paid. | 78.00 lakhs |
| Number of Equity shares held in the company | 89,85,962 equity shares as on 30 th June 2023 |
| Inter-se relationship with other Directors/KMP | Spouse of Mr. Venkatesh Rajagopal (Chairman) and Mother of Mr. Vidyuth Rajagopal (Managing Director) |
| No of Board Meetings attended and held during the year | 4/5 |
| Name(s) of other entities in which holding of directorship | Indian Terrain Fashions Limited |
| Chairpersonship/Membership in committees of other Entities | Indian Terrain Fashions Limited • Chairperson – CSR Committee |
| Directorships of other Boards from which the person has resigned in the past three years | Nil |

By Order of the Board
For **CELEBRITY FASHIONS LIMITED**

Place: Chennai
Date: 14th August, 2023

A Rishi Kumar
Company Secretary
Membership. No.: F12702

BOARD'S REPORT

Dear Members,

The Directors are pleased to present the 34th Annual Report along with the Audited Financial Statements for the year ended 31st March, 2023.

FINANCIAL SUMMARY

The Company's performance during the year as compared with previous year is summarized below:

(Rs. In Crores)

| Particulars | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Revenue from operations | 364.21 | 327.69 |
| EBITDA | 21.60 | 22.07 |
| Interest Cost | 7.22 | 5.98 |
| Profit / (Loss) before depreciation and tax | 14.38 | 16.09 |
| Depreciation | 8.23 | 7.31 |
| Profit/ (Loss) before exceptional item and tax | 6.15 | 8.78 |
| Exceptional Item | - | - |
| Provision for Taxation | - | - |
| Profit / (Loss) after tax | 6.15 | 8.78 |
| Other Comprehensive Income | 0.55 | (2.46) |
| Total Comprehensive Income | 6.70 | 6.32 |
| Earnings per Share (In Rs.) | 1.30 | 1.30 |

PERFORMANCE REVIEW

The Company's revenue from operations for FY 2022-23 is Rs. 364.21 crore compared to Rs. 327.69 crore in the previous year, an increase of 11.14 % over the previous year. The Operating EBITDA stood at Rs.21.60 crs against Rs.22.07 crs the previous year.

Cost of Materials & Changes in inventories

The cost of materials adjusted for changes in inventories of finished goods and work in progress is 55.79 % to revenues as against 61.89 % in the previous year.

Employee Costs

The manpower cost for the year is 22.12 % to revenues as against 19.99 % in the previous year.

Depreciation

Depreciation during the year stood at Rs.8.23 crores as against Rs.7.31 crores in the previous year.

Finance Costs

Finance Cost for the year stood at Rs.7.22 crores as against Rs. 5.98 crores in the previous year.

Profit before tax and net profits

The profits/loss before exceptional item is Rs.6.15 crores as against Rs.8.78 crores in the previous year.

The net profit/loss after accounting for exceptional item & tax is Rs.6.70 crores during the year as against Rs.6.32 crores in the previous year.

Changes in Capital Structure

During the year, the following changes were effected in the Share Capital of the Company:-

a) Increase in Authorised Share Capital

The Authorised Share Capital of the Company was increased from Rs.80 Crores to Rs.90 Crores. The above increase in authorised share capital was approved by shareholders by way of postal ballot dated 15th March 2023.

The Share Capital of the Company as on 31st March 2023 is as below:

| | |
|--|--------------|
| Authorised Share Capital | |
| 6,40,00,000 Equity Shares of Rs.10 each | 64,00,00,000 |
| 2,60,00,000 1% Cumulative Redeemable Preference Shares of Rs.10 each | 26,00,00,000 |
| Subscribed and Paid-up Capital | |
| 5,40,54,113 Equity Shares of Rs.10 each | 54,05,41,130 |
| 2,00,83,600 1% Cumulative Redeemable Preference Shares of Rs.10 each | 20,08,36,000 |

The Company has neither come up with any Right Issue / issuing shares with differential voting rights, nor issued any Sweat Equity Shares and not provided any Stock Option Scheme to the employees during the Financial Year 2022-23.

b) Preferential Issue of Equity Shares:

During the year under review, the Company made preferential issue of 23,81,832 equity shares each to Citrine Fund Limited & Arial Holdings 1 (FPI) at Rs.21.08/- each (including premium of Rs. 11.08/- each) as per the SEBI (ICDR) Regulations and other applicable provisions of the Companies Act, 2013.

Out of the 47,63,664 equity shares issued, the board of directors at their meeting held on 31st March 2023 have allotted 23,81,832 equity shares on preferential basis to Citrine Fund Limited, Foreign Portfolio Investor.

Consequent upon allotment of 23,81,832 equity shares on preferential basis, the paid-up Equity share capital of the Company has been increased from Rs. 5,16,72,281/- to Rs.5,40,54,113/-.

The preferential issue of equity shares was approved by shareholders by way of postal ballot dated 15th March 2023.

There are no deviation(s) or variation(s) in the use of proceeds of the preferential issue from the specified objects of the issue.

c) Redemption of 1% Cumulative Redeemable Preference Shares:

The Company had redeemed 50,20,900 1% Cumulative redeemable preference shares on 29th April 2023 out of the proceeds from preferential allotment of equity shares made on 31st March 2023 which was ratified by the shareholders at the EGM held on 29th April 2023..

Dividend

Due to the losses incurred by the Company in the earlier years, the Board of Directors have not recommended any dividend for the financial year ended 31st March 2023.

Transfer to Reserves

The Company has not transferred any amount to general reserve for the financial year ended 31st March 2023.

Finance and Accounts

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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

Deposits

During FY 2022-23, the Company did not accept any deposit within the meaning of Sections 73 and 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31st March 2023.

Cash Flow Statement

In conformity with the provisions of Section 134 of Companies Act, 2013 and Regulation 34 2(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Cash flow statement for the year ended 31st March 2023 forms part of this Annual Report.

Particulars of Contracts or Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in ordinary course of business and on an arm's length basis and were placed and approved by the Audit Committee. During the financial year 2022-23, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of the Act. Hence, the disclosure of related party transactions in Form AOC-2 is not applicable.

The Company has framed a policy on Related Party Transactions and the same has been displayed on the Company's website www.celebritygroup.com.

During the financial year 2022-23, there were no materially significant transactions with the related parties, which were in conflict with the interests of the Company and that require an approval of the Members in terms of the SEBI Listing Regulations.

During the year ended March 31, 2023, the approval of the Members was obtained for the material RPTs (under SEBI Listing Regulations) to be entered into with Indian Terrain Fashions Limited for the FY 2022-23.

Subsidiaries, Associates and Joint Venture Companies

The Company does not have any subsidiary or associate or joint venture company.

Corporate Governance Report and Management Discussion & Analysis

The Corporate Governance Report and Management Discussion & Analysis which forms part of this report are set out separately along with the Certificate from the Secretarial Auditors of the Company regarding compliance of conditions of Corporate Governance and Certificate from a Company Secretary in practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority as stipulated in Schedule V read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Compliance with Code of Conduct

The Company has framed a Code of Conduct for all the members of the Board and Senior Management personnel of the Company. The Code of Conduct is available on the Company's website: www.celebritygroup.com.

All members of the Board and senior management personnel have affirmed compliance to the Code as on March 31, 2023.

As stipulated under Regulation 34 (3) and Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a declaration Signed by Mr. Vidyuth Rajagopal, Managing Director to this effect is annexed to the report on Corporate governance, which forms part of this annual report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the requirements of Section 135 and Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the Board of Directors have adopted a policy on CSR as recommended by the CSR committee duly constituted and the said policy is available on the Company's website www.celebritygroup.com. The composition and terms of reference of the CSR Committee is detailed in the Corporate Governance report forming part of this annual report.

Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is given in **Annexure 3**, which forms part of this Report.

ESTABLISHMENT OF VIGIL MECHANISM

Pursuant to Section 177 (9) of Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has a vigil mechanism established, to enable all employees and the directors to report in good faith about any violation of the Policy. The Audit Committee of the Board oversees the functioning of Whistle Blower Policy. The Whistle Blower Policy covering all employees and directors is hosted in the Company's Website www.celebritygroup.com.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors:

Resignations

No resignations during the financial year 2022-23.

Retirement by Rotation

Mrs. Rama Rajagopal, (DIN 00003565) Executive Director, retires by rotation and being eligible, offers herself for re-appointment. Based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the re-appointment of Mrs. Rama Rajagopal as director, liable to retire by rotation.

The Board recommends the aforementioned appointments/re-appointments for approval of the members at the ensuing AGM. Brief resume, expertise in specific functional areas, names of listed companies in which the above-named directors hold directorships, committee memberships/ chairmanships, disclosure of relationships between directors inter-se, shareholding etc., are furnished in notice of the ensuing AGM.

Key Managerial Personnel:

The following are the Key Managerial Personnel of the Company:

| | | |
|---------------------------|---|-------------------------|
| 1. Mr. Vidyuth Rajagopal | - | Managing Director |
| 2. Mrs. Rama Rajagopal | - | Whole Time Director |
| 3. Mr. S. Venkataraghavan | - | Chief Financial Officer |
| 4. Mr. A. Rishi Kumar | - | Company Secretary |

Employee Stock Option Plan (ESOP)

During the financial year ended 31st March 2023 there were no pending options to be vested or exercised.

Declaration of Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors is of the opinion that the Independent Directors of your Company possess requisite qualifications, experience, expertise (including proficiency) and they hold the highest standards of integrity that enables them to discharge their duties as the Independent Directors of your Company. Further, in compliance with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs.

Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, a copy of the annual return is placed on the website of the Company at www.celebritygroup.com.

Number of Meetings of the Board

The Board of Directors met 5 (Five) times during the financial year 2022-23 i.e., 01st April 2022, 18th May 2022, 12th August 2022, 04th November 2022 and 13th February 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of all Board/ Committee meetings held are given in the Corporate Governance Report.

Audit Committee

Pursuant to Section 177 (8) of Companies Act 2013, the particulars relating to the Composition, terms of reference and other details about the Audit Committee has been detailed in the Corporate Governance Report which forms part of this Annual Report.

During the year all the recommendations of the Audit Committee were accepted by the Board.

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 handed by them.

The Policy inter alia provides for the following:

- a) attract, recruit, and retain good and exceptional talent.
- b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company.
- c) 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.
- d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders.
- e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective, and gender in the Board; and
- f) fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long term value creation for its stakeholders.

Particulars pertaining constitution of the Nomination and remuneration Committee and its terms of reference has been detailed in the Corporate Governance Report which forms part of this Annual Report.

Particulars of Loans, Guarantees Or Investments

During the year under review, the Company has not made any investment. Further, the Company has not given any loans or corporate guarantee or provided any security during the year.

Material Changes & Commitments

No material changes and commitments have occurred after the closure of the Financial Year 2022-23 till the date of this Report, which would affect the financial position of the Company.

Board Evaluation

The Board has carried out an annual evaluation of its own performance, the directors and also Committees of the Board based on the guidelines formulated by the Nomination & Remuneration Committee under Self-evaluation method. Board composition, quality and timely flow of information, frequency of meetings, and level of participation in discussions were some of the parameters considered during the evaluation process. The Board, upon evaluation, considered that the Board is well balanced and diverse and is commensurate with the business profile and size of the Company. The Board reviewed and noted with satisfaction of its own performance and that of its committees and individual Directors.

Disclosure as per the Companies (Accounts) Rules, 2014

Change in nature of business, if any: Nil

The name of Companies which have become or ceased to be its subsidiaries, Joint Ventures, or Associate companies during the financial year: Not Applicable.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

The Company was not in receipt of any orders from the regulator / courts / tribunals impacting the going concern status of future operations of the Company.

The Company was in receipt of the notice / order from statutory authorities during the year for claim not acknowledged as debts by the company. The details of the same have been provided in Note 44 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. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report.

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

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

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

Pursuant to section 134 (3) (n) of the Companies Act, 2013 the company has framed Risk Management Policy which lays down the framework to define, assess, monitor, and mitigate the business, operational, financial, and other risks associated with the business of the Company. The Company has been addressing various risks impacting the Company in Management Discussion and Analysis Report which forms part of this Annual Report.

During the year under review, the company has not identified any element of risk which may threaten the existence of the company.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTOR

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility of the Directors, the working of the Company, nature of the Industry in which the Company operates, business model, etc..

The details of such familiarization programmes for the Independent Directors are disclosed on the website of the Company www.celebritygroup.com.

AUDITORS

Statutory Auditors

The Company at its 33rd AGM held on 09th September 2022 reappointed M/s SRSV & Associates, Chartered Accountants, Chennai, having Firm Registration No. 015041S allotted by the Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for the second term of five consecutive years from the conclusion of 33rd AGM till the conclusion of 38th AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the second year in the second term of five consecutive years, from the conclusion of this AGM. The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2023 - 24.

The Statutory Auditors' Report for the financial year 2022-23 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company at its meeting held on 18th May 2022 had appointed M/s. BP & Associates, Practising Company Secretaries, as the Secretarial Auditors of the Company to undertake the Secretarial Audit for the financial year 2022-23.

The Secretarial Audit Report issued by M/s. BP & Associates, Secretarial Auditors for the Financial Year ended 31st March 2023 is annexed with the report as **Annexure 2**. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark and its self explanatory.

Internal Auditors

Pursuant to Section 138 of the Companies Act 2013 read with rule 13 of The Companies (Accounts) Rules, 2014 and all other applicable provisions (including any amendment thereto) if any of the Companies Act, 2013 and as recommended by the audit committee M/s. RVKS & Associates, Chartered Accountants, Chennai were appointed as the Internal Auditors of the company for the Financial Year 2022-23.

The audit conducted by the Internal Auditors is based on an internal audit plan, which is reviewed each quarter in consultation with the Audit Committee. These audits are based on risk-based methodology and inter alia involve the review of internal controls and governance processes, adherence to management policies and review of statutory compliances. The Internal Auditors share their findings on an ongoing basis during the financial year for corrective action. The Audit Committee oversees the work of Internal Auditors.

COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activity carried out by the Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

LISTING

The Equity Shares of your Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The applicable annual listing fees have been paid to the Stock Exchanges before the due dates. The Equity Shares of your Company were not suspended from trading on BSE and NSE at any point of time during the Financial Year 2022-23.

DISCLOSURE UNDER SECTION 67 (3) (C) OF THE COMPANIES ACT, 2013

No disclosure is required under section 67 (3) (c) of the Companies Act, 2013 read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said section are not applicable.

PARTICULARS OF EMPLOYEES

Disclosures relating to remuneration and other details as required in terms of the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 1**, which forms part of this Report. Further, the information pertaining to Rule 5(2) and 5(3) of the aforesaid Rules, pertaining to the names and other particulars of employees is available for inspection at the Registered office of the Company during business hours and the Annual Report is being sent to the members excluding this. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary and Compliance Officer at the Registered Office address or by email to investorservices@celebritygroup.com.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the financial year 2022-23, no unpaid or unclaimed dividend was required to be transferred to IEPF.

INTERNAL COMPLAINTS COMMITTEE

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

An Internal Complaints Committee (ICC) was set up to redress the complaints received from women regarding sexual harassment and discrimination at workplace. The Constitution of the ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the committee includes external members from NGOs.

During the year ended 31st March 2023, the ICC did not receive any complaint pertaining to sexual harassment/discrimination at the work location.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134(3)(c) and 134(5) of the Companies Act, 2013, the Directors, to the best of their knowledge and ability, confirm that:-

- a) In the preparation of the Annual accounts for the financial year ended 31st March 2023, the applicable accounting standards have been followed and there are no material departures.

- b) They had in consultation with Statutory Auditors, selected accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2023 and of the profit of the Company for the year ended on that date;
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) They have prepared the annual accounts on a going concern basis.
- e) They have laid down adequate internal financial controls, which are adequate and are operating effectively.
- f) They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Credit Rating

The ratings for the Company's borrowing are available in the Corporate Governance Report

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE

A. 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.

B. Technology absorption:

Not applicable.

C. Foreign Exchange Earning and Outgo :

- | | |
|--|---------------|
| a. Total Foreign exchange earned (FOB Value) | : ₹335.69 Crs |
| b. Total Foreign exchange outgo | : ₹ 92.88 Crs |

HUMAN RESOURCES AND EMPLOYEE RELATIONS

The Board of Directors commends the continued dedication of all its employees. Details of Human Resources and Employee Relations and matters incidental there to are provided in the Management Discussion and Analysis Report.

SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, have been duly complied by the Company.

Other Disclosures

There are no proceedings initiated/ pending against your Company under the Insolvency and Bankruptcy Code, 2016 and there is no instance of one-time settlement with any Bank or Financial Institution.

ACKNOWLEDGEMENT

We wish to place on record our sincere appreciation for the support received from various Central and State Government Departments, organizations, and agencies. We would also like to acknowledge all stakeholders of the Company, viz., Shareholders, customers, dealers, vendors, banks, and other business partners for excellent support received from them during the Financial Year under review. We also express appreciation to all the employees of the Company for their commitment and continued contribution to the growth of the Company.

For and on behalf of the Board

Venkatesh Rajagopal

Chairman

(DIN: 00003625)

Place: Chennai

Date: 19th May, 2023

ANNEXURE - 1 TO BOARD'S REPORT
A. Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) Ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year 2022-23:

| Name of Director(s) | Designation | Ratio of remuneration of Director to the Median remuneration |
|---------------------|---------------------|--|
| Venkatesh Rajagopal | Chairman | - |
| Rama Rajagopal | Whole Time Director | 1:44 |
| Vidyuth Rajagopal | Managing Director | 1:48 |

Sitting fees have been paid to Non-Executive Directors for attending the Meetings of the Board of Directors and Committees thereof held during Financial Year 2022-23

b) Percentage increase in the remuneration of Directors, Chief Financial Officer and Company Secretary for the financial year 2022-23:

| Name | Designation | % increase |
|---------------------|-------------------------|------------|
| Venkatesh Rajagopal | Chairman | - |
| Rama Rajagopal | Whole Time Director | * |
| Vidyuth Rajagopal | Managing Director | 34% |
| S. Venkataraghavan | Chief Financial Officer | 4% |
| A. Rishi Kumar | Company Secretary | 8% |

* % increase in remuneration is not given as the payment for financial year 2021-22 was only for the part of the year.

- c) **The percentage increase in the median remuneration of employees in the Financial year 2022-23: 4.93 %**
- d) **The number of permanent employees on the rolls of the company as on 31st March 2023 was 3,993**
- e) **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 15% for Managerial Personnel (KMP & Senior Management) & 6.44 % for employees other than Managerial Personnel.

- f) **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms that the remuneration is as per the remuneration policy of the Company

For and on behalf of the Board

Venkatesh Rajagopal

Chairman

(DIN: 00003625)

Place: Chennai

Date: 19th May, 2023

ANNEXURE – 2 TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Celebrity Fashions Limited.

SDF - IV & C 2, Third Main Road,

MEPZ - SEZ, Tambaram,

Chennai – 600 045

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by **Celebrity Fashions Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Celebrity Fashions Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the management, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2023 generally complied with the statutory provisions listed hereunder and also that the company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by **Celebrity Fashions Limited** for the financial year ended on 31st March, 2023 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
 - d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - f. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - vi. The Special Economic Zones Act, 2005
 - vii. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
 - viii. Other laws applicable to the Company as per the representations made by the Management;

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

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

- i. Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, issued by The Institute of Company Secretaries of India have been generally complied with.

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

1. The Company had intimated to the stock exchange with a delay of one day about the Board Meeting of the Company held on 18th May 2022, which was non-compliance with Regulation 29(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subsequently the Company has paid fines of Rs.11,800/- (Including Tax) with respect to Non-Compliance of Regulation 29 of SEBI (LODR) Regulations, 2015 on 23rd June, 2022 to BSE & NSE.
2. As per Regulation 170(1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 "SEBI (ICDR Regulation)" the company has failed to complete the allotment of Equity shares within the period of 15 days from the date of passing the special resolution through a postal ballot approved on 15th March, 2023 and subsequently, the allotment of equity shares was made on 31st March 2023 (with a delay of two days) However, The Company has obtained shareholders' approval again on 29th April, 2023 in accordance with Regulation 170(2) of SEBI (ICDR) Regulations, 2018 to rectify non-compliance of Regulation 170(1) of SEBI (ICDR) Regulations, 2018.

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 (Buy Back of Securities) Regulations, 1998

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

We 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.

We further report that during the audit period, the following significant events have taken place:

1. Re-Appointment of Statutory Auditors, SRSV & Associates, Chartered Accountants for a period of Five years from Conclusion of 33rd AGM until the Conclusion of the 38th AGM. Approved by the Shareholders of the Company at the Annual General Meeting Held on 09th September, 2022 .
2. Early Redemption of 50,20,900 (Fifty Lakhs Twenty Thousand Nine Hundred Only) 1% Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees ten only) each, allotted to State Bank of India approved via Special Resolution passed through Postal Ballot on 15th March, 2023.

3. The Company has altered Clause V of the Memorandum of Association (MOA) by way of Increasing the existing Authorized Capital from INR 80,00,00,000 (Indian Rupees Eighty Crores only) to INR 90,00,00,000 (Indian Rupees Ninety Crores only) by the creation of 1,00,00,000 (One Crore) additional Equity Shares of the face value of INR 10/- each approved via Ordinary Resolution passed through Postal Ballot on 15th March, 2023.
4. The Company has allotted 23,81,832 fully paid-up equity shares at an issue price of Rs. 21.08/- i.e. face value of Rs. 10/- each and premium of Rs. 11.08/- each to Citrine Fund Limited, Foreign Portfolio Investor (by way of preferential allotment on a private placement basis on 31st March 2023.

For **BP & Associates**

Company Secretaries

Peer Review No: P2015TN040200

Date : 19th May, 2023

Place: Chennai

K. J. Chandra Mouli

Partner

FCS: 11720 | CP No: 15708

UDIN: F011720E000326617

'ANNEXURE A'

To

The Members,

Celebrity Fashions Limited,

SDF - IV& C 2, Third Main Road,

MEPZ - SEZ, Tambaram,

Chennai – 600 045

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **BP & Associates**

Company Secretaries

Peer Review No: P2015TN040200

Date : 19th May, 2023

Place: Chennai

K. J. Chandra Mouli

Partner

FCS: 11720 | CP No: 15708

UDIN: F011720E000326617

ANNEXURE – 3 TO BOARD'S REPORT
Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 ('the Act') & Rules made thereunder]

1. Brief outline of the CSR Policy of the Company:

The Company is committed to improving the quality of lives of people in the community it serves through long term stakeholder value creation. The company endeavors to make CSR for sustainable development. The Company through its CSR Committee shall identify the activities/projects in line with Section 135 read with Schedule VII of the Companies Act 2013 and the Rules made thereunder.

The Company has framed a CSR Policy in compliance with the provisions of the Act, as amended, which is available on the Company's website and the web-link for the same is provided in this Report.

2. Composition of the CSR Committee:

| Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|-------------------------|--------------------------------------|--|--|
| Mrs. Rama Rajagopal | Chairperson (Executive Director) | 1 | 1 |
| Mr. Venkatesh Rajagopal | Member (Chairman) | 1 | 1 |

7. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs. Lakh) | Amount Unspent (in Rs. Lakh) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| Rs. 5.20 | - | - | - | - | - |

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **NA**

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | | | | |
|--------------|-------------------------|------------|-----|----------------------|-------------------------|-------------|----|---|---|--|------|-------------------------|
| | | | | Local area (Yes/ No) | Location of the project | | | Amount spent for the project (in Lakhs) | Mode of implementation Direct (Yes/No) | Mode of implementation - Through implementing agency | | |
| | | | | | State | | | | | District | Name | CSR registration number |
| 1 | Medical Camp | Healthcare | Yes | Tamilnadu | Chennai | 3.00 | No | MEPZ Manufacturers Association | CSR00008983 | | | |
| 2 | Educational Scholarship | Education | Yes | Tamilnadu | Chennai | 2.20 | No | Mylraj Memorial Charitable Trust | CSR00028074 | | | |
| Total | | | | | | 5.20 | | | | | | |

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (7b+7c+7d+7e): Rs. 5.20 Lakh

(g) Excess amount for set off, if any

| SI. No | Particular | Amount (in Rs. Lakhs) |
|--------|---|-----------------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | 5.08 |
| (i) | Total amount spent for the Financial Year | 5.20 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 0.12 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 0.12 |

| | | | |
|-----------------------|-------------------------------|---|---|
| Mr. N. K. Ranganath | Member (Independent Director) | 1 | 1 |
| Mr. Vidyuth Rajagopal | Member(Managing Director) | 1 | 1 |

3. **Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: www.celebritygroup.com**

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:** Not applicable.

5. **Average net profit of the company as per sub-section (5) of Section 135 :** Rs. 253.83 Lakhs

6. (a) Two percent of average net profit of the company as per **sub-section (5) of Section 135:** Rs. 5.08 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**

(c) Amount required to be set off for the financial year, if any: **Nil**

(d) Total CSR obligation for the financial year [(b)+(c)-(d)]: **Rs. 5.08 Lakhs**

8. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable
- (b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): Not Applicable
9. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** Not Applicable
10. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135 :** Not Applicable

For and on behalf of the Board of Directors

For and on behalf of Committee

| | | |
|---|---|---|
| Date : 19 th May, 2023 Place: Chennai | Venkatesh Rajagopal Member-CSR Committee (DIN: 00003625) | Rama Rajagopal Chairperson - CSR Committee (DIN: 00003565) |
|---|---|---|

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Economic Overview

The International Monetary Fund (IMF) has projected global growth to decline from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023

Industry Structure and Development

India's Textile & Apparel (T&A) Industry is one of the oldest industries and has a formidable presence in the national economy. Indian T&A industry is the second largest in the world after China and spans across the entire value chain. T&A sector is the 2nd largest employment-providing sector in India after agriculture. It provides direct and indirect employment to more than 10 crore people including a large number of women and the rural population.

The textile and apparel industry faces weaker sentiments due to global concerns, domestic lifestyle changes, and slower export demand

High inflation across the globe has reduced the consumers' purchasing power, which is the major cause of slowdown in textiles and apparel exports. Developing countries including India are facing serious challenges in textiles and exports.

The two major markets – the US and EU – accounting for over 60 per cent of the Indian textiles and apparel demand, have remained sluggish for the last six months, due to headwinds arising out of surge of inflation and uncertain geopolitical scenario. Consumers in these two and other markets have cut down spending on clothing, as they have to spend more on other household expenses.

India's textile and apparel exports to the US declined by 23.94 per cent to \$4.70 billion during July-December 2022 compared to \$6.18 billion during January-June 2022. Likewise, India's export to EU-27 countries also declined by 24.54 per cent to \$3.29 billion in the second half of 2022 compared to \$4.36 billion during January-June 2022.

Opportunities & Threat:

The Indian textile and apparel market has significant growth potential, with the industry projected to reach \$190 billion by 2025-26.

Due to the 'China Plus One' sourcing strategy adopted by global brands and retailers, China is expected to continue losing its share in the global markets, which could be beneficial for Indian Exporters.

This global economic gloom is increasingly reflected in consumers' shopping habits, and the fashion industry is expecting that demand will be weakened or unpredictable in the year ahead.

Segment Review

Celebrity Fashions Limited is engaged in the business of designing, manufacturing and selling of garments and we cater to the demand of leading international brands.

Risks and Concern

The textile industry is facing limitations in accessing the latest and best technology while also failing to meet the global standards in the competitive export market. Apart from these issues like child labour, competition from neighboring countries regarding low-cost garments, personal safety norms, infrastructure bottlenecks, rising environmental concerns are some of the challenges the Indian textile industry faces.

Several risks including the lower profit share, alongside cost reduction pressure from the buyers threaten the survival of the Readymade Garment exporters.

Outlook

India's textile and garment industry faced a significant setback in April 2023, signaling a challenging start to the new fiscal year.

The coming year is likely another year full of challenges and opportunities for the Indian apparel industry. Despite the challenges ahead, we believe that our principal competitive strengths, which differentiate us from other players in the garments industry will help us to progress in the right direction in times of uncertainty.

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.

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 3993 employees as on 31st March 2023.

Financial Performance:

The Company's performance during the year as compared with previous year is summarized below:

| | FY 2022-23 | | FY 2021-22 | |
|---|------------------|---------------|------------------|---------------|
| | Amount (In Crs.) | % to Revenues | Amount (In Crs.) | % to Revenues |
| Revenue from Operations | 364.21 | | 327.69 | |
| Other Income | 0.13 | | 0.28 | |
| Total revenues | 364.34 | | 327.97 | |
| Cost of Materials | 227.14 | 62.37% | 196.79 | 60.05% |
| Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec | (23.96) | (6.58)% | 6.03 | 1.84% |
| Employee Benefit Expenses | 80.57 | 22.12% | 65.51 | 19.99% |
| Other Expenses | 58.99 | 16.20% | 37.57 | 11.47% |
| Total Expenses | 342.74 | 94.11% | 305.9 | 93.35% |
| EBIDTA | 21.6 | 5.93% | 22.07 | 6.74% |
| Depreciation | 8.23 | 2.26% | 7.31 | 2.23% |
| Finance Costs | 7.22 | 1.98% | 5.98 | 1.82% |
| Profit / (Loss) before Tax and Exceptional Items | 6.15 | 1.69% | 8.78 | 2.68% |
| Exceptional Item - Expense / (Income) | 0 | 0.00% | 0 | 0.00% |
| Profit / (Loss) before Tax after Exceptional Items | 6.15 | 1.69% | 8.78 | 2.68% |
| Tax Expenses | 0 | 0.00% | 0 | 0.00% |
| Other comprehensive income | 0.55 | 0.15% | (2.46) | (0.75)% |
| Total Comprehensive Income for the year | 6.70 | 1.84% | 6.32 | 1.93% |

Profitability and Financial risks ratios:

| Ratios | FY 2022-23 | FY 2021-22 | Change (%) |
|-----------------------------|------------|------------|-------------------|
| Current Ratio | 1.16 | 1.11 | 4 |
| Debt Equity Ratio | 3.06 | 5.08 | (40) ¹ |
| Operating Profit Margin (%) | 5.93 | 6.74 | (12) |
| Net Profit Margin (%) | 1.69 | 2.68 | (37) ² |
| Interest Coverage Ratio | 1.90 | 2.50 | (25) |
| Debtors Turnover Ratio | 7.26 | 5.37 | 35 ³ |
| Inventory Turnover Ratio | 2.43 | 3.10 | (22) |
| Return on Net worth | 25.09 | 42.19 | (41) ⁴ |

1. Increase in Share capital and decrease in borrowings.
2. Decrease in profit on account of increase in other expenses.
3. Debtors turnover is higher due to realisation of debtors during FY23.
4. Due to increase in share capital during FY23.

Disclaimer

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.

Forex 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.

Business Philosophy

At Celebrity Fashions, our business philosophy is based on 3 pillars:

1. Operational Excellence
2. Wastage Elimination
3. Fiscal Discipline/Cost Management

The 3 fundamentals frame the culture of the organization and permeate all interactions of stakeholders, both internal & external.

I. Operational Excellence

As the preferred supply chain partner for global brands, our approach is centered on maximizing the efficiency of our business operations & ensuring that we optimize fixed asset turnover. We continue to focus on building a culture of performance with a relentless focus on execution

Our operations are modular in nature, involving the synchronization of multiple stations & processes to deliver product to our customer

- i. On time
- ii. World class quality
- iii. At a Competitive price

We have focused on the real time application of the above principles to ensure that once an order is taken into production, that it is packed and delivered without any disturbances.

Our aim is to shift from an efficiency led model to an inventory light model which will allow the organization to benefit from continuous cash flows and at the same be able to forecast our future revenues better.

II. Wastage Elimination

The above pillar can be further segregated into 2 categories:

Wastage in terms of

- i. Raw Materials
- ii. Non-Value Adding processes

As a manufacturer with 30 years of experience, there is a large amount of domain knowledge existing in the company that has come from working with the very best of global brands across product categories.

In the coming quarters, we aim to centralize this domain knowledge with a focus on elimination non-value adding processes; resulting in more predictability in our outcomes & maximizing our opportunity to ship given a set of inputs.

We have prioritized preparatory work & other R&D activities to ensure that the factory is able to pursue a plug and play approach which would allow them to minimize disruptions and maximize output.

III. Fiscal Discipline

The business of Apparel Manufacturing is price sensitive & competitive. As a member of a global supply chain, we are competing with vendors from across the globe. As mentioned earlier, countries such as Bangladesh & Vietnam enjoy far lower labor costs putting India at a straight disadvantage as a result.

Apart from the yields that bear fruit as result of the combination of the earlier 2 points, we are also driving a culture of fiduciary responsibility across all stakeholders.

Our focus is on rationalizing every rupee spent to ensure that it is spent to improve the performance of the organization and weed out any unnecessary expenditure. This fundamental has pushed us to relook at our inventory carrying levels to minimize holding & interest costs.

We continue to work with our vendors and suppliers with the aim to save every possible rupee in the value chain, without compromising on the world class service that we are known for.

REPORT ON CORPORATE GOVERNANCE

In accordance with the provisions of Regulation 34(3) read with Schedule V and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Directors of Celebrity Fashions Limited ("the Company") have pleasure in presenting the Company's Report on Corporate Governance for the Financial Year 2022-23.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

We believe in our employees and other stakeholders; and ensure adequate control system to enable the Board to efficiently conduct the business and discharge its responsibilities to shareholders. The Company considers it essential to abide by the applicable laws and regulations in letter and spirit and is committed to the highest standards of corporate governance.

We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organization. We conduct ourselves in the most equitable manner:

BOARD OF DIRECTORS

The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

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 7 (Seven) 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 the Managing Director under the supervision of the Board.

COMPOSITION

As on 31st March 2023, the Company's Board of Directors ('Board') comprises seven members, which includes Two Executive Directors, One Non – Executive Non-Independent Director and Four Non-Executive Independent Directors.

The Board's composition is in compliance with the requirements of Regulation 17(1) of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.

Independent directors are Non-Executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations entered into with the Stock Exchanges. The maximum tenure of the independent Directors is in compliance with the Companies Act, 2013. All the Independent Directors have confirmed that they meet the criteria as mentioned under regulation 16(1)(b) of the SEBI Listing Regulation and Section 149 of the Companies Act, 2013. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company.

None of the Independent Directors of the Company serve as Independent Directors in more than seven listed Companies and none of the whole-time directors of the Company serve as Independent Directors in more than three listed Companies.

The composition of the Board of Directors and number of other Directorships & Memberships / Chairmanships of Committees as on 31st March 2023 is as under:

| Sr. No. | Name & (DIN) of Directors | Category | Directorships in other Companies ⁽¹⁾ | No of Committee positions held in other companies (**) | |
|---------|---|-----------------------------------|---|--|--------|
| | | | | Chairman | Member |
| 1 | Mr. Venkatesh Rajagopal (DIN: 00003625) | Promoter & Non Executive Director | 1 | - | 2 |
| 2 | Mrs. Rama Rajagopal (DIN: 00003565) | Promoter & Executive Director | 1 | - | - |

| | | | | | |
|---|---------------------------------------|--------------------------------------|---|---|---|
| 3 | Mr. N.K.Ranganath (DIN: 00004044) | Independent & Non Executive Director | 2 | 2 | 2 |
| 4 | Mrs. Nidhi Reddy (DIN: 00004081) | Independent & Non Executive Director | 1 | - | - |
| 5 | Mr. Vidyuth Rajagopal (DIN: 07578471) | Executive Director | 1 | - | - |
| 6 | Mr. K Sridhar (DIN: 02916536) | Independent & Non Executive Director | - | - | - |
| 7 | Mr. Manoj Mohanka (DIN: 00128593) | Independent & Non Executive Director | 4 | 2 | 5 |

Notes:

*The above number of other directorships does not include Directorships in Private Limited, Foreign and Section 8 Companies.

**The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committee only. The Committee Memberships include Chairmanships as well.

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

During the financial year 2022-23, Five (05) Board meetings were held on 01st April 2022, 18th May 2022, 12th August 2022, 04th November 2022 and 13th February 2023. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 days.

The Company provides teleconference/Video Conference facilities to Directors to participate in the meetings.

The attendance of each Director at the Board Meetings and last Annual General Meeting held during the year under review are detailed below:

| Name of the Director(s) | Number of Board Meetings held and attended during the FY 2022-23 | | Attendance at 33 rd AGM |
|-------------------------|--|----------|------------------------------------|
| | Held | Attended | |
| Mr. Venkatesh Rajagopal | 5 | 5 | Yes |
| Mrs. Rama Rajagopal | 5 | 4 | Yes |
| Mr. Vidyuth Rajagopal | 5 | 5 | Yes |
| Mr. N.K.Ranganath | 5 | 4 | No |
| Mrs. Nidhi Reddy | 5 | 4 | Yes |
| Mr. K Sridhar | 5 | 5 | Yes |
| Mr. Manoj Mohanka | 5 | 3 | Yes |

Relationship between directors inter-se:

Except between Mr. Venkatesh Rajagopal (Chairman & Non-Executive Director) and his wife Mrs. Rama Rajagopal (Executive Director) and their son Mr. Vidyuth Rajagopal (Managing Director), there is no relationship between the Directors inter-se.

Number of shares and convertible instruments held by non-executive directors:

| Name of the Director | No. of Equity Shares |
|-------------------------|----------------------|
| Mr. Venkatesh Rajagopal | 1,09,57,617 |
| Mr. N. K. Ranganath | Nil |
| Mrs. Nidhi Reddy | Nil |
| Mr. K Sridhar | Nil |
| Mr. Manoj Mohanka | Nil |

The details of Directorship held in other listed entities as on March 31, 2023, are as under:

| Name of the Director | Name of the Listed Company | Category |
|-------------------------|-----------------------------------|---|
| Mr. Venkatesh Rajagopal | Indian Terrain Fashions Limited | Chairman, Executive Director & Promoter |
| Mrs. Rama Rajagopal | Indian Terrain Fashions Limited | Non-Executive Director & Promoter |
| Mr. Vidyuth Rajagopal | Indian Terrain Fashions Limited | Executive Director |
| Mr. N.K.Ranganath | Indian Terrain Fashions Limited | Non-Executive and Independent Director |
| Mrs. Nidhi Reddy | Indian Terrain Fashions Limited | Non-Executive and Independent Director |
| Mr. K Sridhar | - | - |
| Mr. Manoj Mohanka | Indian Terrain Fashions Limited | Non-Executive and Independent Director |
| | India Carbon Limited | Non-Executive and Independent Director |
| | Titagarh Wagons Limited | Non-Executive and Independent Director |
| | Ludlow Jute & Specialties Limited | Non-Executive and Independent Director |

Familiarization programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI Listing Regulations, the Company also has an ongoing familiarization programme for its Independent Directors with the objective of familiarising them with the Company, its operations, strategies and business model, nature of the industry and environment in which it operates, functions, policies and procedures of the Company, the regulatory environment applicable to it, etc. The Board is provided with all the documents required and/or sought by them to have a good understanding of the Company, its business model and various operations and the industry of which it is a part. The Board is also regularly informed about significant developments in the industry, geopolitical issues, regulatory changes and other developments that impact the Company.

Pursuant to Regulation 46 of the SEBI Listing Regulations, details of familiarisation programmes imparted to the Independent Directors are available on the Company's website at www.celebritygroup.com.

Chart / Matrix of Skills / Expertise / Competence of the Board of Directors in context to Company's business and sector:

| S No. | Name of the Member | Skills/Expertise/Competencies |
|-------|-------------------------|--|
| 1. | Mr. Venkatesh Rajagopal | Apparel & Textile Industry Domain, Entrepreneur, Board Service, Business Strategy, Corporate Planning and functional areas like Managerial, Financial, Marketing and Administration. |
| 2. | Mrs. Rama Rajagopal | Entrepreneur, Business and Corporate Planning. |
| 3. | Mr. Vidyuth Rajagopal | Experience and Expertise in Marketing, Merchandising, Business Strategy and Corporate Planning. |
| 4. | Mr. N.K. Ranganath | Board Service, Business Strategy, Corporate Planning and expertise in sales, marketing, finance, production and human resource disciplines. |
| 5. | Mrs. Nidhi Reddy | Experience and Expertise in Human Resource discipline. |
| 6. | Mr. K. Sridhar | Experience and Expertise in Human Resource disciplines. |
| 7. | Mr. Manoj Mohanka | Strategic Marketing, Business Management, Business Strategy and Corporate Planning. |

Resignation of Director(s):

There were no resignations during the year under review.

Access to information and updation to Directors

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

COMMITTEES OF THE BOARD

The Board Committees play a vital role in ensuring sound Corporate Governance practices. The Committees are constituted to handle specific activities and ensure speedy resolution of diverse matters. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review. As on date the Board has established the following Committees:

AUDIT COMMITTEE

Brief description of terms of reference

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

The terms of reference of the Committee are in alignment with the norms specified in the Listing Regulations and relevant provisions of the Companies Act, 2013.

Composition of the Committee

The Audit Committee comprises of 5 Directors as its members, with requisite financial, legal and management expertise, out of which 4 are Independent Non-Executive Directors. As required under Regulation 18 of the SEBI Listing Regulations, during the year, the Audit Committee met four times, to deliberate on various matters and the gap between any such two meetings was not more than 120 days. The required quorum was present in all such meetings.

The Committee met 4 (four) times during the financial year 2022-23 on 18th May 2022, 12th August 2022, 04th November 2022 and 13th February 2023.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31st March 2023 is detailed below:

| Name of the Member(s) | Designation | Category | No of meetings attended |
|-----------------------|-------------|----------|-------------------------|
| Mr. N.K. Ranganath | Chairperson | NED | 4 |
| Mr. Vidyuth Rajagopal | Member | ED | 4 |
| Mrs. Nidhi Reddy | Member | NED | 3 |
| Mr. K. Sridhar | Member | NED | 4 |
| Mr. Manoj Mohanka | Member | NED | 3 |

The Company Secretary is the Secretary of the Audit Committee. Chief Financial Officer, Internal Auditor and such other officers of the Company, attend the meetings of the Committee, for providing such information as may be necessary, if required by the Audit Committee.

The Chairman of the Audit Committee was not present at the 33rd Annual General Meeting. Mr. K. Sridhar, Member of the Audit Committee, was present to answer the shareholders' queries.

NOMINATION AND REMUNERATION COMMITTEE

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

Composition of the Nomination & Remuneration Committee:

The NRC comprises of 4 Non-executive Independent Directors as its members. Detailed composition of the NRC is as follows:

| Name of the Member | Designation | Category |
|--------------------|-------------|-------------------------------------|
| Mr. K. Sridhar | Chairperson | Independent, Non-executive Director |
| Mr. N.K. Ranganath | Member | Independent, Non-executive Director |
| Mrs. Nidhi Reddy | Member | Independent, Non-executive Director |
| Mr. Manoj Mohanka | Member | Independent, Non-executive Director |

Brief description of terms of reference:

The powers, role and terms of reference of Committee covers the areas as contemplated under the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. The brief terms of reference of Nomination & Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s)/Executive Director(s) based on their performance and defined assessment criteria.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

Meetings and attendance during the year:

NRC met once during the year under review. Attendance of the members at the meeting held during the year is as follows:

| Date of Meeting | Mr. K. Sridhar Chairperson | Mr. N.K. Ranganath Member | Mrs. Nidhi Reddy Member | Mr. Manoj Mohanka Member |
|---------------------------|-------------------------------|---------------------------------|-------------------------------|--------------------------------|
| 18 th May 2022 | Yes | Yes | Yes | Yes |

Remuneration of 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. 50,000/- to all the non-executive directors for attending each meeting of the Board, Rs.25,000/- for each meeting of its Audit committee and Rs.10,000/- for other committees of the Board thereof which is within the limits prescribed under the Companies Act, 2013.

| S No. | Name | Sitting Fees (in Rs.) |
|-------|--------------------|-----------------------|
| 1 | Mr. N.K. Ranganath | 3,40,000 |
| 2 | Mrs. Nidhi Reddy | 3,05,000 |
| 3 | Mr. K. Sridhar | 3,30,000 |
| 4 | Mr. Manoj Mohanka | 2,35,000 |

There are no other particular pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company.

The remuneration of the Managing Director and Whole-time Director(s) is approved by the Board, as per recommendation of the Nomination and Remuneration Committee within the overall limit fixed by the shareholders. Remuneration includes salary, bonus, perquisites, contribution to provident and superannuation fund and other benefits as per Company's policy as applicable from time to time. The details of remuneration package of the executive directors are summarized below:

| Name of the Director | Salary (Rs. in Lakhs) | Retirement Benefits | Total (Rs. in Lakhs) | Tenure (No. of years) |
|-----------------------|-----------------------|---------------------|----------------------|---|
| Mr. Vidyuth Rajagopal | 84.00 | - | 84.00 | 3 years from 08 th August 2021 |
| Mrs. Rama Rajagopal | 78.00 | - | 78.00 | 3 years 10 th November 2021 |

The Company does not have any Employees' Stock Option Scheme and there is no separate provision for payment of Severance Fees.

Performance evaluation criteria for independent directors

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including Independent Directors. Their criteria provide for certain parameters like attendance at meetings, preparedness and contribution at Board Meetings, interpersonal skills etc. which are used by the Committee and/or the Board while evaluating the performance of each Director.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 20 of the Listing Regulations.

The constitution of the Stakeholders Relationship Committee of the Board of Directors of the Company is detailed below:

The Committee met once during the financial year 2022-23 on 13th February 2023.

| Name of the Member(s) | Designation | Category | No of meetings attended |
|-----------------------|-------------|----------|-------------------------|
| Mr. N.K. Ranganath | Chairperson | NED | 1 |
| Mrs. Nidhi Reddy | Member | NED | 1 |
| Mr. Vidyuth Rajagopal | Member | ED | 1 |

Name and Designation of Compliance Officer:

A. Rishi Kumar
Company Secretary
Celebrity Fashions Limited

Terms of reference of the Committee inter alia, include the following: -

- To specifically look into the redressal of Investors' Grievances pertaining to:
 - Transfer of shares and debentures;
 - Non-receipt of declared dividends, interests and redemption proceeds of debentures;
 - Dematerialization of shares and debentures;
 - Replacement of lost, stolen, mutilated share and debenture certificates;
 - Non-receipt of rights, bonus, split share and debenture certificates;
 - Non-receipt of balance sheet.
- To look into other related issues towards strengthening investors' relations.

3. To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
4. To look into the reasons for any defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors.

- b) Recommend the amount of expenditure to be incurred.
- c) Monitor the implementation of Corporate Social Responsibility Policy.
- d) Recommend the Annual Action Plan for CSR Implementation to the Board for approval.

Details of Complaints / Queries received and redressed during 1st April 2022 to 31st March 2023:

| Sr. No. | Particulars of Complaints / Queries | Received | Redressed | Pending as on 31.3.2023 |
|---------|---|------------|------------|-------------------------|
| 1. | Non receipt of Share Certificates - Direct from Shareholders - Received from SEBI | Nil Nil | Nil Nil | Nil Nil |
| 2. | Non receipt of Dividend /Interest Warrants - Direct from Shareholders - Received from SEBI | Nil Nil | Nil Nil | Nil Nil |
| 3. | Confirmation of Demat Credit | Nil | Nil | Nil |
| 4. | Non receipt of Debentures Redemption payment | Nil | Nil | Nil |
| 5. | Non receipt of letter of offer, allotment advice ,share certificates etc. for Rights Issue & others | Nil | Nil | Nil |
| 6. | Others - Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc. | Nil | Nil | Nil |
| | Total | Nil | Nil | Nil |

The Company obtains a certificate annually from a Company Secretary in Practice confirming the issue of certificates for transfer, sub-division, consolidation etc. and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(9) of the Listing Regulations. Further, the Compliance Certificate under Regulation 7(3) of the Listing Regulations, confirming that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent is also submitted to the Stock Exchanges on a yearly basis.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the CSR Committee is in line with provisions of Section 135 of the Companies Act, 2013 read with the Rules issued thereunder.

The Committee met 1 (one) time during the financial year 2022-23 on 12th August 2022.

The constitution of the CSR Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2022-23 is detailed below:

| Name of the Member(s) | Designation | Category | No of meetings attended |
|-------------------------|-------------|----------|-------------------------|
| Mrs. Rama Rajagopal | Chairperson | ED | 1 |
| Mr. Venkatesh Rajagopal | Member | NED | 1 |
| Mr. N.K. Ranganath | Member | NED | 1 |
| Mr. Vidyuth Rajagopal | Member | ED | 1 |

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

The CSR Committee is empowered, pursuant to its terms of reference, inter alia, to:

- a) Formulate and recommend to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company.

MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on 13th February 2023, inter alia to discuss:

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

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. All the Independent Directors were present for the meeting except Mr. Manoj Mohanka.

GENERAL BODY MEETINGS

Details of last 3 (Three) Annual General Meetings (AGMs):

The date, time and venue of Annual General Meetings held during the preceding 3 (Three) Financial Years and the Special Resolutions passed thereat were as follows:

| Date of AGM | Special resolutions passed | Time | Venue/ Mode |
|---------------------------------|--|-----------|--------------------|
| 09 th September 2022 | 1. Revision in terms of remuneration payable to Mr. Vidyuth Rajagopal, Managing Director of the Company. 2. Change in Designation of Mrs. Rama Rajagopal from Non-Executive to Executive Director (Whole Time Director) of the Company. | 2.45 P.M. | Video Conferencing |
| 16 th September 2021 | 1. Re-appointment of Mr. K. Sridhar (DIN: 02916536) as an Independent Director. 2. Issue of Equity shares to ARES DIVERSIFIED on preferential basis. | 2.30 P.M. | Video Conferencing |
| 21 st September 2020 | Nil | 2.30 P.M. | Video Conferencing |

Details of Special Resolutions passed at the Extraordinary General Meetings (EGM) during the Financial Year 2022-23:

No Extraordinary General Meeting was held during the Financial Year 2022-23.

Postal Ballot

During the financial year 2022-23, 1 (One) Postal Ballot was conducted, and the following resolutions were passed with requisite majority.

Postal Ballot Notice dated 13th February 2023 and the date of passing of the Special Resolution was 15th March 2023.

| Resolution | No. of votes polled | Votes cast in favour | | Votes cast against | |
|---|---------------------|----------------------|--------|--------------------|------|
| | | No of Votes | % | No of Votes | % |
| To consider and approve early redemption of Preference Shares | 2,15,78,705 | 2,15,77,700 | 100.00 | 1,005 | 0.00 |
| To approve the increase in Authorised Share Capital and the consequent amendment to the Memorandum of Association | 2,15,78,705 | 2,15,78,525 | 100.00 | 180 | 0.00 |
| To Issue Equity shares to Citrine Fund Limited on preferential basis. | 2,15,78,705 | 2,15,77,800 | 100.00 | 905 | 0.00 |
| To Issue Equity shares to Arial Holdings 1 on preferential basis | 2,15,78,705 | 2,15,77,800 | 100.00 | 905 | 0.00 |

The Board of Directors of the Company had appointed M/s. BP & Associates, Practicing Company Secretaries as the Scrutinizers for conducting the postal ballot/e-voting process.

Procedure adopted for Postal Ballot:

1. (One) Postal Ballot was conducted during the Financial Year 2022-23 and the following procedure was adopted by the Company:-

(i) The Board of Directors, at its Meeting, approved the items to be passed through Postal Ballot and authorized one of the functional Directors and the Company Secretary to be responsible for the entire process of Postal Ballot.

(ii) A professional such as a Chartered Accountant / Company Secretary, who was not in the employment of the Company, was appointed as the Scrutinizer for the postal ballot process.

(iii) Notice of Postal Ballot was sent to the Shareholders only through email. E-voting facility was also offered to eligible Shareholders to enable them to cast their votes electronically.

(iv) An advertisement was published in a national newspaper and a vernacular newspaper about the dispatch of Postal Ballot Notice along with ballot papers.

(v) The Scrutinizer gave his report to the Chairman.

(vi) The Chairman announced the results of the Postal Ballot on receipt of the Scrutinizer's Report.

(vii) The results were intimated to the Stock Exchange(s) and are also hosted on the Company's website, www.celebritygroup.com.

Whether any Special Resolution is proposed to be conducted through Postal Ballot:

No Special Resolution is proposed to be conducted through Postal Ballot.

MEANS OF COMMUNICATION

The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, Company's website and subject specific communications.

a) Quarterly Results:

The Company's quarterly financial results are announced within 45 days of the close of the quarter and the audited annual financial results are announced within 60 days from the close of the financial year as per the requirements of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 with the Stock

Exchanges. The aforesaid financial results are intimated to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after the approval of the Board of directors and are simultaneously displayed on our website www.celebritygroup.com.

b) Newspaper wherein results are published :

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers such as Business Standard (English daily) and Tamil Murasu (Vernacular newspaper).

c) Website

These results are also made available on the website of the Company at www.celebritygroup.com. The website also displays vital information relating to the Company and its performance.

d) Stock Exchange

The Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other regulations issued by the SEBI.

e) Presentations

No presentation has been made to institutional investors or to the analysts during the year under review.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting & Book Closure

Day, Date and Time:

This Corporate Governance Report was taken on record by the Board in their meeting held on 19th May 2023. The date 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.

Venue: The Company is conducting AGM through Video Conferencing/Other Audio Visual Means as permitted under the various circulars issued by Ministry of Corporate Affairs.

Financial Calendar: 1st April to 31st March

Dividend Payment Date: Not Applicable

Listing on Stock Exchanges:

The equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Annual Listing fee for the financial year 2022-23 has been paid to BSE and NSE. The Equity Shares of the Company were not suspended from trading on BSE and NSE at any point of time during the Financial Year 2022-23.

| Name and address of the Stock Exchange(s) | Script Code |
|---|-------------|
| BSE Limited (BSE) | 532695 |
| Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. | |
| National Stock Exchange of India Limited (NSE) | CELEBRITY |
| Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. | |

The custodian charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year ended 31st March 2023 has been paid within due date.

Tentative Calendar for approval of financial results

The tentative month of meeting of Board of Directors for consideration of quarterly/ Half yearly/Annually financial results for the financial year ending 31st March 2024 are as follows:

| | |
|--|----------------|
| First Quarter Results | August, 2023 |
| Second Quarter and Half yearly Results | November, 2023 |
| Third Quarter Results | February, 2024 |
| Fourth Quarter and Annual Results | May, 2024 |

Market Price Data

The monthly high and low prices of the Company's shares at BSE and NSE for the financial year ended 31st March 2023 are as follows:

(Share price in Rs.)

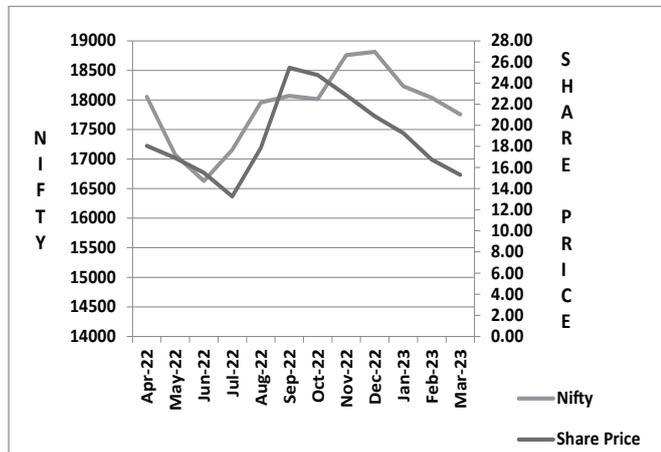
| Month(s) | BSE | | | NSE | | |
|----------|-------|-------|---------|-------|-------|----------|
| | High | Low | Volume | High | Low | Volume |
| Apr-22 | 18.99 | 13.00 | 355364 | 18.85 | 12.90 | 2317019 |
| May-22 | 17.55 | 12.80 | 402705 | 18.20 | 12.50 | 1810279 |
| Jun-22 | 16.03 | 11.35 | 156603 | 16.00 | 11.25 | 1004272 |
| Jul-22 | 13.51 | 12.26 | 121888 | 13.75 | 12.25 | 658588 |
| Aug-22 | 19.05 | 12.80 | 823849 | 19.00 | 12.75 | 6108440 |
| Sep-22 | 27.55 | 16.90 | 1994650 | 27.40 | 17.00 | 12379566 |
| Oct-22 | 25.85 | 18.95 | 1282730 | 25.80 | 18.80 | 6607195 |
| Nov-22 | 23.40 | 19.55 | 415474 | 23.25 | 19.65 | 3170415 |
| Dec-22 | 21.95 | 14.50 | 466877 | 21.40 | 14.15 | 3179440 |
| Jan-23 | 20.55 | 16.55 | 406204 | 20.20 | 16.60 | 1644213 |
| Feb-23 | 18.70 | 13.35 | 287934 | 17.40 | 13.45 | 1563086 |
| Mar-23 | 15.99 | 12.25 | 340745 | 16.00 | 12.10 | 2525276 |

Source: BSE and NSE Website

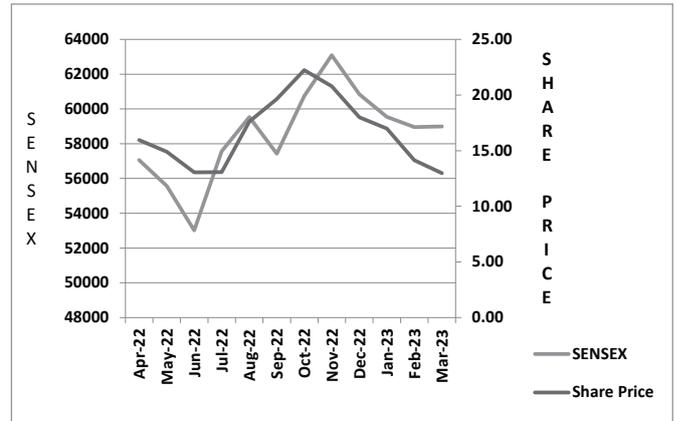
Stock performance in comparison to broad-based indices:

The Chart below shows the comparison of the Company's share price movement on BSE & NSE vis-à-vis the movement of the BSE Sensex & NSE Nifty for the financial year ended 31st March, 2023 (based on month end closing):

1. NSE Nifty



2. 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:

Link Intime India Private Limited

C - 101, 247 Park, L.B.S Marg,

Vikhroli (West),

Mumbai 400 083

Tel: + 91 22 2596 3838

Fax: + 91 22 2596 2691

Website: www.linkintime.co.in

E-mail: sana.inamdar@linkintime.co.in

Share Transfer System

Shareholders' requests for issue of letter of confirmation for transmission / issue of duplicate certificates and other related matters are handled by Registrar and Transfer Agent and are effected within the stipulated timelines, if all the documents are valid and in order.

The Company obtains yearly certificate from a Company Secretary in Practice confirming the issue of share certificates for sub-division, consolidation etc., and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(9) of the SEBI Listing Regulations, 2015. Further, the Compliance Certificate under Regulation 7(3) of the SEBI Listing Regulations, 2015 confirming that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Transfer Agent registered with the Securities and Exchange Board of India is also submitted to the Stock Exchanges on a yearly basis.

Distribution of Shareholding:

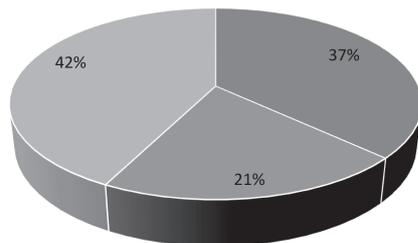
Distribution of Shareholding as on 31st March 2023 is as follows:

| Range | No. of shareholders | % to total shareholders | No. of Shares | Amount (Rs.) | % to Capital |
|--------------------|---------------------|-------------------------|-----------------|------------------|---------------|
| 1-500 | 14862 | 80.28 | 1636683 | 16366830 | 3.03 |
| 501-1000 | 1540 | 8.32 | 1297107 | 12971070 | 2.40 |
| 1001-2000 | 874 | 4.72 | 1367277 | 13672770 | 2.53 |
| 2001-3000 | 345 | 1.86 | 892845 | 8928450 | 1.65 |
| 3001-4000 | 175 | 0.95 | 630465 | 6304650 | 1.17 |
| 4001-5000 | 175 | 0.95 | 839526 | 8395260 | 1.55 |
| 5001-10000 | 304 | 1.64 | 2398823 | 23988230 | 4.44 |
| Greater than 10000 | 238 | 1.28 | 44991387 | 449913870 | 83.23 |
| Grand Total | 18513 | 100.00 | 54054113 | 540541130 | 100.00 |

Shareholding Pattern as on 31st March 2023

| Category of Shareholder(s) | Total No. of Shares | % of Total No. of Shares |
|------------------------------------|---------------------|--------------------------|
| Promoter and promoter group | | |
| Promoter and promoter group | 19976325 | 36.96 |
| Sub Total | 19976325 | 36.96 |
| NRIs/OCBs | | |
| Non Resident Indians | 243274 | 0.45 |
| Foreign Portfolio Investor | 10851108* | 20.07 |
| Sub Total | 11094382 | 20.52 |
| Others | | |
| Clearing Members | 27225 | 0.05 |
| Private Corporate Bodies | 2080257 | 3.85 |
| Public | 20229358 | 37.42 |
| Others | 673791 | 1.25 |
| Sub Total | 22983406 | 42.52 |
| Total | 54054113 | 100.00 |

* 23,81,832 Equity shares were allotted to Citrine Fund Limited, FPI on 31st March 2023

Category-wise Shareholding:


■ Promoter and promoter group ■ NRIs/OCBs ■ Others

Dematerialization of Shares & liquidity

As on 31st March 2023, 99.99% of total equity shares of the Company were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The shares are available for dematerialisation under **ISIN – INE185H01016**

Requests for dematerialisation of shares are processed and generally confirmed within 15 days of receipt.

Outstanding GDRs/ADRs/Warrants

The Company has no outstanding GDRs/ ADRs/Warrants as on 31st March 2023.

Commodity price risk or foreign exchange risk and hedging activities:

The Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with the no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment.

Plant Locations:

- 1) SDF IV, Phase II, MEPZ-SEZ, Tambaram, Chennai – 600045.
- 2) No: 208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai 600100.
- 3) No 14, Alamathi Road, Vellanur, Chennai, Tamil Nadu, 600062.

Address for Correspondence:
Celebrity Fashions Limited

CIN : L17121TN1988PLC015655

Registered & Corporate Office

SDF - IV & C2, 3rd Main Road,

MEPZ - SEZ, Tambaram,

Chennai 600 045.

Tel : + 91 44 4343 2200 / 4343 2189

Email : investorservices@celebritygroup.com

Website : www.celebritygroup.com

Credit ratings

The details of Credit rating obtained by the Company as on 31st March 2023 is as follows:

| Credit Rating Agency | Loan Facilities | Rating |
|----------------------|-----------------|------------|
| CRISIL Limited | Long term | CRISIL BB |
| | Short term | CRISIL A4+ |

OTHER DISCLOSURES:
a) Related Party Transactions

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

The Company took approval from the shareholders at the 33rd AGM for a contract value of Rs.40 Crores towards related party transactions on Purchase of Raw Materials, Issue of Job Work Orders and lease rentals.

The details of related party transactions are set out in the Notes to Financial Statements forming part of this Annual Report. The Policy on dealing with related party transactions is available on the website of the Company at www.celebritygroup.com.

b) Details of Non-compliance on matters related to Capital Markets

There has not been any non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 (three) Financial years, except as discussed below.

The company has failed to complete the allotment of Equity shares within the period of 15 days from the date of passing of special resolution through postal ballot approved on 15th March, 2023 and subsequently, the allotment of equity shares was made on 31st March 2023 (with a delay of two days) However, The Company has obtained shareholders' approval again on 29th April, 2023 in accordance with Regulation 170(2) of SEBI (ICDR) Regulations, 2018 to rectify non-compliance of Regulation 170(1) of SEBI (ICDR) Regulations, 2018.

The details of fine / penalty paid by the Company to BSE Limited ("BSE") and/or National Stock Exchange of India Limited ("NSE") for delayed compliance under the Listing Regulations during the Financial Year 2022-23, are as follows:

| Regulation | Stock Exchange | Fine amount deposited | Status of application for Waiver / Reduction of Fine |
|---------------|----------------|-------------------------------------|--|
| Regulation 29 | BSE & NSE | Rs. 11,800/- to each Stock Exchange | Filed and in progress |

c) Vigil Mechanism/ Whistle Blower Policy:

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 to the Audit Committee for further action.

d) Code of Conduct

The Company has adopted a Code of Conduct for all board members and senior management of the Company. The Code has been communicated to the directors and the members of the Senior Management of the Company. The code has been displayed on the Company's website namely www.celebritygroup.com. All the members of the Board and senior management have confirmed compliance with the Code for the year ended, 31st March 2023. The annual report contains a declaration to this effect signed by the Managing Director and the Company Secretary as Compliance Officer.

e) Code of Conduct to Regulate, Monitor and Report Trading by Insiders:

In accordance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code of Conduct to Regulate, Monitor and Report Trading by Insiders ("Insider Trading Code). The said Insider Trading Code applies to Directors, Senior Management Personnel, persons forming part of the Promoter(s) & Promoter(s) Group and such other designated

employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company ("designated persons"). Such designated persons are expected to be in compliance with the Insider Trading Code at all times. The structured digital database of Unpublished Price Sensitive Information (UPSI) is maintained with adequate internal controls.

f) CEO / CFO Certification

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2022-23 signed by Mr. Vidyuth Rajagopal, Managing Director and Mr. S Venkataraghavan, Chief Financial Officer was placed before the Board of Directors of the Company at their meeting held on 19th May 2023.

g) Details of compliance with Non-mandatory requirements

The status of compliance with non-mandatory recommendations of the Listing Regulations:

(a) **Audit Opinion:** The Company is already in the regime of Financial Statements with unmodified opinion..

(b) **Reporting of Internal Auditor:** The Internal Auditors report directly to the Audit Committee.

h) Policy for Determining 'Material' Subsidiaries:

The Company does not have any material subsidiary. Hence the requirement of Policy for determining 'material' subsidiaries does not arise.

i) Details of utilization of funds raised through preferential allotment or qualified institutional placement :

During the year the Company has made preferential allotment of 23,81,832 equity shares at a face value of Rs.10/- each at an issue price of Rs.21.08/- including premium of Rs.11.08/- per equity share to Citrine Fund Limited, Foreign Portfolio Investor and the same was in compliance with section 62, 42 and other applicable provisions of the Act, rules made thereunder and SEBI (Issue of Capital and Disclosure Requirements), 2018 and amount raised were applied to the purposes for which it were raised.

The Company has not raised any fund through qualified institutional placement that are unutilized.

j) Total fees paid by the listed entity to the Statutory Auditor:

| S. No | Name of Auditor | Description of Service | Amount ₹ |
|-------|-------------------|------------------------|--------------|
| 1. | SRSV & Associates | Statutory Audit | Rs. 4,50,000 |

k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year 2022-23

| S. No | Particulars | Number of Complaints |
|-------|--|----------------------|
| 1. | Number of complaints filed during the financial year | NIL |
| 2. | Number of complaints disposed of during the financial year | NIL |
| 3. | Number of complaints pending as on end of the financial year | NIL |

l) Certificate regarding no disqualification of Directors:

A certificate from **Mr. K.J. Chandra Mouli of M/s. BP & Associates, Company Secretary in Practice** has been obtained stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The Certificate is annexed to this Report on Corporate Governance.

m) Details of recommendations of Committees which were not accepted by the board along with reasons:

During the year ended March 31, 2023, all recommendations made by the Committees of the Board of Directors (viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee & CSR Committee) were accepted by the Board of the Company.

Non-compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of Para C to Schedule V of the Listing Regulations:

The Company has complied with all the requirements in this regard, to the extent applicable.

Disclosures of compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of the Listing Regulations:

The Board of Directors periodically reviews the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. The Company has submitted quarterly compliance reports on Corporate Governance to Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

Equity shares in Unclaimed Suspense Account under Regulation 39 and Schedule VI of Listing Regulations.

The details of Equity shares in Unclaimed Suspense Account under Regulation 39 and Schedule VI of Listing Regulations are as follows:

| Particulars | No. of Shareholders | No. of Equity Shares |
|---|---------------------|----------------------|
| Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2022 | NIL | NIL |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | NIL | NIL |
| Number of shareholders to whom shares were transferred from the suspense account during the year | NIL | NIL |
| Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 31st March 2023 | NIL | NIL |

Declaration of Compliance with the Code of Conduct of the Company

As provided under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V of the said regulations, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2023.

For Celebrity Fashions Limited

Date: 19th May, 2023

Place: Chennai

Vidyuth Rajagopal
Managing Director
(DIN:07578471)

Certificate on Compliance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members

Celebrity Fashions Limited

We have examined the compliance of conditions of Corporate Governance by Celebrity Fashions Limited ("the Company") for the year ended 31st March, 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to a review of the procedures adopted and implementation thereof, by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management. We certify that the company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of the Listing Regulations.

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

For **BP & Associates**
Company Secretaries
Peer Review No: P2015TN040200

Date : 19th May, 2023
Place: Chennai

K.J .CHANDRA MOULI
Partner
FCS: 11720|CP No: 15708
UDIN: F011720E000326650

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Celebrity Fashions Limited
SDF – IV & C2, Third Main Road,
MEPZ – SEZ, Tambaram,
Chennai – 600045

We have examined the relevant Registers, Records, Forms, Returns and Disclosures received from the Directors of CELEBRITY FASHIONS LIMITED having CIN L17121TN1988PLC015655 and having registered office at SDF- IV & C2, 3rd Main Road, MEPZ- SEZ, Tambaram, Chennai -600045 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company* |
|---------|----------------------------------|----------|---------------------------------|
| 1 | Mrs. Rama Rajagopal | 00003565 | 01/01/2008 |
| 2 | Mr. Venkatesh Rajagopal | 00003625 | 28/04/1988 |
| 3 | Mr. Ranganath Nuggehalli Krishna | 00004044 | 06/09/2005 |
| 4 | Mrs. Nidhi Reddy | 00004081 | 06/09/2005 |
| 5 | Mr. Manoj Mohanka | 00128593 | 11/11/2019 |
| 6 | Mr. Krishnamurthy Sridhar | 02916536 | 01/08/2016 |
| 7 | Mr. Vidyuth Venkatesh Rajagopal | 07578471 | 01/08/2016 |

*The date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BP & Associates**
Company Secretaries
Peer Review No: P2015TN040200

Date : 19th May, 2023
Place: Chennai

K.J.CHANDRA MOULI
Partner
FCS: 11720|CP No: 15708
UDIN: F011720E000326641

INDEPENDENT AUDITOR'S REPORT

To the Members of CELEBRITY FASHIONS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **CELEBRITY FASHIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note No.18 to the financial statements regarding delay in redemption of preference shares to State Bank of India and ratification by the shareholders in respect of allotment of equity shares on preferential basis.

Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

The Company has accumulated losses of Rs.27.35 crores as on March 31, 2023. We have evaluated the appropriateness of the 'going concern' concept in accordance with SA-570, based on such evaluation 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. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

a) Revenue recognition (Ind AS 115)

The application of the new standard on recognition of revenue involves significant judgment and estimates made by the management which includes identification of performance obligations contained in contracts, determination of the most appropriate method for recognition of revenue relating to the identified performance obligations, assessment of transaction price and allocation of the assessed price to the individual performance obligations.

Audit procedure involved review of the Company's Ind AS 115 implementation process and key judgments made by management, evaluation of customer contracts in light of Ind AS 115 on sample basis and comparison of the same with

management's evaluation and assessment of design and operating effectiveness of internal controls relating to revenue recognition.

Based on the procedures performed, it is concluded that management's judgments with respect to recognition and measurement of revenue in light of IND AS 115 is appropriate.

Furthermore, the appropriateness of the disclosures made in Note 26 & 1.5 to the financial statements was assessed.

b) Existence and impairment of Trade Receivables

Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the Company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract terms are in place which impacts the timing of revenue recognition. Given the magnitude and judgment involved in the impairment assessment of trade receivables, we have identified this as a key audit matter.

We performed audit procedures on existence of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of trade receivables requires judgment and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.

In calculating the Expected Credit Loss as per Ind AS 109 – "Financial Instruments", the Company has also considered the estimation of probable future customer default.

We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.

Furthermore, we assessed the appropriateness of the disclosures made in Note No. 1.17 to the financial statements.

c) Assessment of Provisions for taxation, litigations and claims:

As at 31st March 2023, Celebrity Fashions Limited had a provision in respect of possible or actual taxation disputes, litigation and claims to the tune of Rs. 29,17,506/- These provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various forums

The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing correspondence with tax Authorities

Discussing significant litigations and claims with the Company's Internal Legal Counsel

Obtaining Letters from Celebrity Fashions External Advisors including their views regarding the likely outcome and magnitude of and exposure to the relevant litigation and claims

Reviewing previous judgments made by relevant tax Authorities and opinions given by Company's advisors.

Assessing the reliability of the past estimates of the management.

Based on the procedures performed, it is concluded that the management's assessment of the outcome of pending litigations and claims is appropriate.

Furthermore, the appropriateness of the disclosures made in Note No. 44 to the financial statements was assessed.

d) Accuracy on valuation of Inventory

Management judgment is required to establish the carrying value of inventory particularly in relation to determining the appropriate level of provisions in relation to obsolete and Surplus items.

The judgment reflects that inventory is held to support Company's operations which results in the Company holding inventory for extended periods before utilization.

Audit procedures include testing the inventory provisions, we assessed the management control and estimation of inventory provisions and their appropriateness. The future salability of inventory was assessed based on past track records.

e) Adoption of IND AS 116 – Leases

As described in Note No.5 to the financial statements, the Company has adopted Ind AS 116 - Leases (Ind AS 116). The application to this accounting standard is complex and is an area of focus in our audit.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Refer Note No. 5 & 1.23 to the financial statements.

Our audit procedures on adoption of Ind AS 116 include:

- Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116).
- Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;
- Evaluated the reasonableness of the discount rates applied in determining the lease liabilities.

On a statistical sample, we performed the following procedures:

- assessed the key terms and conditions of each lease with the underlying lease contracts; and
- evaluated computation of lease liabilities and challenged the key estimates such as, discount rates and the lease term.
- Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the Standalone Financial Statements and our report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In connection with our audit of the Standalone Financial Statements, our responsibility is to also read the management discussion & analysis and MD & CEO message when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the management discussion & analysis and MD & CEO message, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Management's Responsibility for the Standalone 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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity 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 the rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, (herein after referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, 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 purposes 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 (including Other Comprehensive Income), Statement of changes in the equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the INDAS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts Standards) Rules, 2014
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - (h) 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, as amended, 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 as referred to in Note No. 44 to the Standalone Financial Statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company for the year ended March 31, 2023.
 - iv. (a) Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(is), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note.53(m) to the Standalone Financial Statements).
 - (b) Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been

received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note.53 (n) to the Standalone Financial Statements), and

- (c) Based on the audit procedures adopted by us, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub clause (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any Dividend during the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

For SRSV & Associates
Chartered Accountants
F.R.No.015041S

V. Rajeswaran
Partner

Membership No. 020881
UDIN : 23020881BGXCIO4811

Date : 19th May, 2023
Place: Chennai

Annexure A to the Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report to the members of **Celebrity Fashions Limited** on the Standalone Financial Statements for the year ended March 31, 2023,

i. In respect of the Company's Property, Plant, and Equipment:

- (a) (A) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.
- (B) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of Intangible Assets.
- (b) The Company has a regular program of physical verification of its Property, Plant & Equipment by which Property, Plant & Equipment are verified in a phased periodical manner designed to cover all the items over a period of three years. In accordance with this program, certain Property, Plant & Equipment were verified during the year and no discrepancies were noticed on such verification. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company except in respect of two buildings aggregating to Rs.11.41 crores (Gross Block Rs.13.09 crores) constructed on the leased land. The lease of the said land expired on 31/12/2022. Approval has been received from The Development Commissioner and Chariperson, MEPZ – Special Economic Zone, Chennai – 600045 for renewal of the lease from 01/01/2023 and the lease agreement is yet to be executed. (Refer Note No 53 (c) to the Standalone Financial Statements).
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

- ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

(b) According to the records of the Company and information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rupees Five crores, in aggregate from banks or financial institutions on the basis of security of current assets during the year. The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the unaudited books of accounts of the Company except for Quarter ended June 2022 and Sep 2022. For the quarter ended March 31,2023, the statement is yet to be filed with the banks.

| Quarter ended | Value as per books of account | Value as per quarterly returns / statement | Reasons for difference |
|---------------|-------------------------------|--|---|
| June 2022 | 89.21 | 65.69 | As informed by the management certain stocks are not considered for drawing power statement submitted to the banks. |
| Sep 2022 | 90.93 | 64.10 | (Refer Note No. 53(j) to the Standalone Financial Statements). |

- iii. (a) In our opinion and according to the explanations given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships. However the Company has granted loans and advances to the employees as detailed below.

| To whom | Type (Loan/adv/guarantee/security) | Aggregate Amount during the year (Rs) | Balance outstanding as at Balance sheet date (Rs) |
|-----------|------------------------------------|---------------------------------------|---|
| Employees | Loans | 68,80,726 | 15,85,824 |
| Employees | Advance in nature of loan | 30,50,831 | 1,94,438 |

(b) In our opinion and according to the explanations given to us, the terms and conditions of the grant of all loans and advances in the nature of loans are not prejudicial to the Company's interest.

(c) In our opinion and according to the explanations given to us in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments are regular.

(d) In our opinion and according to the explanations given to us in respect of loans and advances in the nature of loans, no amounts are overdue for a period of more than 90 days.

(e) In our opinion and according to the explanations given to us, no loans or advance in the nature of loan granted which has fallen due during the year has been renewed or extended nor fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) In our opinion and according to the explanations given to us, the Company has not granted loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

- iv. In our opinion and according to the explanations given to us, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of Section 185 and 186 of the Companies Act. Therefore, the provisions of the paragraph 3(iv) of the Order are not applicable to the Company.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and hence reporting under clause (v) of the Order are not applicable.
- vi. In our opinion and as explained to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the products/services manufactured/rendered by the Company.
- vii. In respect of statutory dues:
- According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Goods and Service tax, provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues outstanding for more than six months.
 - As at March 31, 2023 according to the records of the Company, the following are the particulars of the statutory dues referred in sub-clause (a) which have not been deposited on account of dispute:

| Name of the Statute | Nature of Dues | Assessment Year to which the amount relates | Forum where the dispute is pending | Amount (in Rs) |
|----------------------|--------------------|---|--|------------------|
| Income Tax Act, 1961 | Income Tax | 2003-04 | Pending before the Assessing Officer | 526,669* |
| Income Tax Act, 1961 | Income Tax | 2004-05 | Pending before the Assessing Officer | 961,087* |
| Income Tax Act, 1961 | Fringe Benefit Tax | 2007-08 | Pending for rectification before the Assessing Officer | 699,860 |
| Income Tax Act, 1961 | Fringe Benefit Tax | 2008-09 | Pending for rectification before the Assessing Officer | 601,600 |
| Income Tax Act, 1961 | Income Tax | 2011-12 | Pending for rectification before the Assessing Officer and appeal before the Commissioner of Income Tax Appeals, Chennai | 128,290 |
| Total | | | | 29,17,506 |

* Relating to Income Tax dues of Partnership Firm Celebrity Connections

- viii. According to the information and explanations given to us and on the basis of records of the Company examined by us, in our opinion, the Company has no transactions that has not been recorded in the books of account and no unrecorded income was disclosed or surrendered as income during the year in the Tax assessments under the Income Tax, 1961. Accordingly, clause (viii) of Para 3 of the Order is not applicable.
- ix. (a) Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings or in the payment of interest to any lenders during the year.
- (b) According to the records of the Company and information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender or Government or any Government Authority.
- (c) According to the records of the Company and information and explanations given to us, term loans were applied for the purpose for which the loans were obtained. (Also refer Note 18 to the financial statements).
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, clause (ix)(e) of Para 3 of the Order is not applicable.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, clause (ix)(f) of Para 3 of the Order is not applicable.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause x (a) of para 3 of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review. In respect of the above issue, we further report that: The requirement of Section 42 of the Companies Act 2013, as applicable has been complied with; and the amounts raised during the year have been applied by the Company during the succeeding year for the purpose for which the funds were raised. (Refer Emphasis of Matter para in our audit report and Note No 18 to the Standalone Financial Statements).
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, clause xii(a), (b), (c) of Para 3 of the Order is not applicable.
- xiii. In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The Reports of the Internal Auditors for the period under audit received till the date of our report have been considered by us.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the Directors. Accordingly, clause xv of Para 3 of the Order is not applicable.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial activities or housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanation provided by the Management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the Management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year. Accordingly, clause xvii of Para 3 of the Order is not applicable.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) of Para 3 of the Order is not applicable.

- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note.40 & 50 to the financial statements and Material uncertainty relating to going concern para in our audit report), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date will get discharged by the Company as and when they fall due.
- xx. The Company has fully spent the required amount towards Corporate Social Responsibility ("CSR") and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Act, or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3 (xx) of the Order is not applicable for the year
- xxi. The Company does not have any subsidiary, associate or joint venture and hence not required to prepare consolidated financial statements. Accordingly, clause xxi of Para 3 of the Order is not applicable.

For SRSV & Associates
Chartered Accountants
F.R No.015041S

V. Rajeswaran
Partner

Membership No. 020881
UDIN : 23020881BGXCIO4811

Date : 19th May, 2023
Place: Chennai

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause(i) Of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **CELEBRITY FASHIONS LIMITED** ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by

ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SRSV & Associates
Chartered Accountants
F.R. No. 015041S

V. Rajeswaran
Partner

Date : 19th May, 2023
Place: Chennai

Membership No. 020881
UDIN : 23020881BGXCIO4811

Balance Sheet as at 31st March 2023

₹. In Crores

| Particulars | Note No. | As at 31-Mar-23 | As at 31-Mar-22 |
|---|----------|--------------------|--------------------|
| I ASSETS | | | |
| 1 Non-Current Assets | | | |
| (a) Property, Plant & Equipments | 2 | 21.53 | 19.10 |
| (b) Other Intangible assets | 3 | 0.01 | 0.02 |
| (c) Investment property | 4 | - | - |
| (d) Right of use asset | 5 | 4.40 | 3.81 |
| | | 25.94 | 22.93 |
| (e) Financial assets | | | |
| (i) Other Financial Assets | 6 | 3.96 | 2.60 |
| (f) Income Tax Assets | 7 | 3.52 | 3.49 |
| (g) Deferred tax assets (Net) | 8 | - | - |
| Total Non-Current Assets | | 33.42 | 29.02 |
| 2 Current Assets | | | |
| (a) Inventories | 9 | 96.11 | 71.38 |
| (b) Financial assets | | | |
| (i) Trade receivables | 10 | 32.75 | 67.59 |
| (ii) Cash and Cash equivalents | 11 | 5.22 | 0.37 |
| (iii) Bank balances other than (ii) above | 12 | 3.24 | 1.66 |
| (iv) Other Financial assets | 13 | 0.18 | 0.16 |
| (c) Other current assets | 14 | 9.93 | 10.81 |
| Total Current Assets | | 147.43 | 151.97 |
| Total Assets | | 180.85 | 180.99 |
| II EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity Share Capital | 15 | 54.05 | 51.67 |
| Other Equity | | | |
| (a) Reserves and Surplus | 16 | (27.35) | (36.69) |
| (b) Money received against Warrants | 17 | - | - |
| Total Equity | | 26.70 | 14.98 |
| 2 Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18 | 22.17 | 24.14 |
| (ii) Lease liabilities | 19 | 2.62 | - |
| (b) Other non current liabilities | 20 | 0.20 | 0.15 |
| Total Non-Current Liabilities | | 24.99 | 24.29 |

Balance Sheet as at 31st March 2023

₹. In Crores

| Particulars | Note No. | As at 31-Mar-23 | As at 31-Mar-22 |
|---|----------|-----------------|-----------------|
| Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21 | 59.55 | 51.93 |
| (ia) Lease liabilities | 19 | 2.01 | 5.15 |
| (ii) Trade Payables | | | |
| Total outstanding dues of Micro and Small Enterprises | 22 | 0.01 | 0.08 |
| Total outstanding dues of other than (ii) above | 22 | 32.41 | 37.98 |
| (iii) Other Financial Liabilities | 23 | 20.66 | 29.70 |
| (b) Other current liabilities | 24 | 4.42 | 6.38 |
| (c) Short-term provisions | 25 | 10.10 | 10.50 |
| Total Current Liabilities | | 129.16 | 141.72 |
| Total Liabilities | | 154.15 | 166.01 |
| Total Equity and Liabilities | | 180.85 | 180.99 |

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

To be read with our report of even date

For and on Behalf of the Board

SRSV & Associates

 Chartered Accountants
 Registration # 015041S

V. Rajeswaran

 Partner
 Membership Number 020881

 Chennai
 19 May 2023

Venkatesh Rajagopal
 Chairman
 DIN: 00003625

Vidyuth Rajagopal
 Managing Director
 DIN 07578471

A. Rishi Kumar
 Company Secretary
 M.No: A42884

S Venkataraghavan
 Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March 2023

₹ In Crores (except per share data)

| Particulars | Note No. | For the Year Ended 31-Mar-23 | For the Year Ended 31-Mar-22 |
|---|----------|------------------------------|------------------------------|
| I Revenue from Operations | 26 | 364.21 | 327.69 |
| II Other Income | 27 | 0.13 | 0.28 |
| III Total Income | | 364.34 | 327.97 |
| IV Expenses | | | |
| a Cost of Materials | 28 | 227.14 | 196.79 |
| b Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec | 29 | (23.96) | 6.03 |
| c Employee Benefit Expenses | 30 | 80.57 | 65.51 |
| d Finance Costs | 31 | 7.22 | 5.98 |
| e Depreciation and Amortisation Expenses | 32 | 8.23 | 7.31 |
| f Other Expenses | 33 | 58.99 | 37.57 |
| Total Expenses | | 358.19 | 319.19 |
| V Profit / (Loss) before Exceptional Items and Tax (III-IV) | | 6.15 | 8.78 |
| VI Exceptional Item - Expense / (Income) | 34 | - | - |
| VII Profit / (Loss) before Tax (V-VI) | | 6.15 | 8.78 |
| VIII Tax Expenses | | | |
| a Current Tax Expense | | - | - |
| b Deferred Tax | | - | - |
| Profit for the year (VII-VIII) | | 6.15 | 8.78 |
| IX Other comprehensive income | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurement of post employment benefit obligations | 35 | 0.55 | (2.46) |
| Income tax relating to these items | | | |
| Other Comprehensive Income (net of tax expense) | | 0.55 | (2.46) |
| X Total Comprehensive Income for the year | | 6.70 | 6.32 |
| XI Earnings Per Share - In ₹ before Extra-Ordinary Item | 43 | | |
| Basic | | 1.30 | 1.30 |
| Diluted | | 1.30 | 1.30 |
| XII Earnings Per Share - In ₹ after Extra-Ordinary Item | 43 | | |
| Basic | | 1.30 | 1.30 |
| Diluted | | 1.30 | 1.30 |
| Summary of Significant Accounting Policies | 1 | | |
| The accompanying notes are an integral part of the financial statements | | | |
| To be read with our report of even date | | | |

For and on Behalf of the Board

SRSV & Associates
Chartered Accountants
Registration # 015041S

Venkatesh Rajagopal
Chairman
DIN: 00003625

Vidyuth Rajagopal
Managing Director
DIN 07578471

V. Rajeswaran
Partner
Membership Number 020881

A. Rishi Kumar
Company Secretary
M.No: A42884

S Venkataraghavan
Chief Financial Officer

Chennai
19 May 2023

Statement of Cashflow for the year ending 31st March 2023

₹ In Crores

| S No. | Particulars | Year ended 31-Mar-23 | | Year ended 31-Mar-22 | |
|----------|--|-------------------------|---------------|-------------------------|----------------|
| A | Cashflow from Operating Activities | | | | |
| | Net Profit before Tax | | 6.15 | | 8.78 |
| | Adjustments for: | | | | |
| | Depreciation for the Year | 8.23 | | 7.31 | |
| | Interest & Finance Charges paid | 7.22 | | 5.98 | |
| | Government Grant | (0.03) | | (0.03) | |
| | Interest Income | (0.10) | 15.32 | (0.12) | 13.14 |
| | Operating Profit before Working Capital Changes | | 21.47 | | 21.92 |
| | Adjustments for: | | | | |
| | Decrease / (Increase) in debtors and other receivables | 34.33 | | (15.25) | |
| | Decrease / (Increase) in inventories | (24.72) | | (11.77) | |
| | Increase / (Decrease) in creditors and other payables | (16.44) | (6.83) | 17.48 | (9.54) |
| | Cash generated from Operations | | 14.64 | | 12.38 |
| | Income Taxes Refund / (Paid) (net) | | (0.04) | | (0.10) |
| | Net Cash from Operating Activities | | 14.60 | | 12.28 |
| B | Cashflow from Investing Activities | | | | |
| | (Purchase) / Sale of Fixed Assets - Net | (5.75) | | (0.74) | |
| | Increase in Fixed Deposits | (1.59) | | (0.86) | |
| | Interest Received | 0.10 | (7.24) | 0.12 | (1.48) |
| | Net Cash (Used In) / from Investing Activities | | (7.24) | | (1.48) |
| C | Cashflow from Financing Activities | | | | |
| | Proceeds from issue of Share Capital | 5.02 | | 5.02 | |
| | Short Term Borrowings | 2.59 | | 3.09 | |
| | Term loan Receipts (Net) | 2.87 | | (8.29) | |
| | Interest and Finance Charges paid | (7.01) | | (5.72) | |
| | Principal repayment of lease liabilities | (5.98) | | (4.62) | |
| | Net Cash (Used In) / from Financing Activities | | (2.51) | | (10.52) |
| | Net Increase in Cash and Cash Equivalents | | 4.85 | | 0.28 |
| | Cash and Cash Equivalents (Opening Balance) | | 0.37 | | 0.09 |
| | Cash and Cash Equivalents (Closing Balance) | | 5.22 | | 0.37 |

The accompanying notes are an integral part of the financial statements
To be read with our report of even date

For and on Behalf of the Board

SRSV & Associates
Chartered Accountants
Registration # 015041S

Venkatesh Rajagopal
Chairman
DIN: 00003625

Vidyuth Rajagopal
Managing Director
DIN 07578471

V. Rajeswaran
Partner
Membership Number 020881

A. Rishi Kumar
Company Secretary
M.No: A42884

S Venkataraghavan
Chief Financial Officer

Chennai
19 May 2023

Statement of Changes in Equity for the year ended 31st March 2023

₹ in Crores

A. Equity Share Capital
1. Current Reporting Period

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current report period |
|--|--|---|---|---|
| 51.67 | 0.00 | 51.67 | 2.38 | 54.05 |

2. Previous Reporting Period

| Balance at the beginning of the previous reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the previous reporting period | Changes in equity share capital during the previous year | Balance at the end of the previous report period |
|---|--|--|--|--|
| 47.77 | 0.00 | 47.77 | 3.90 | 51.67 |

B. Other Equity

₹ in Crores

| Particulars | Share application money pending allotment | Security Premium Reserve | Reserves and Surplus | | Total |
|---|---|--------------------------|----------------------|---|----------------|
| | | | Retained Earnings | Other Comprehensive Income (Gratuity Valuation) | |
| Balance as at 1st April 2022 | 0.00 | 4.40 | (32.88) | (8.21) | (36.69) |
| Changes in accounting policy or prior period errors | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Restated balance at the beginning of the current reporting period | 0.00 | 4.40 | (32.88) | (8.21) | (36.69) |
| Profit for the period | 0.00 | 0.00 | 6.15 | 0.00 | 6.15 |
| Total Comprehensive Income for the current year | 0.00 | 0.00 | 0.00 | 0.55 | 0.55 |
| Issue of Shares | 0.00 | 2.64 | 0.00 | 0.00 | 2.64 |
| Dividends | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfer to retained earnings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Any other change | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at 31st March 2023 | 0.00 | 7.04 | (26.73) | (7.66) | (27.35) |
| Balance as at 1st April 2021 | 0.00 | 3.28 | (41.66) | (5.74) | (44.12) |
| Changes in accounting policy or prior period errors | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Restated balance at the beginning of the current reporting period | 0.00 | 3.28 | (41.66) | (5.74) | (44.12) |
| Profit for the period | 0.00 | 0.00 | 8.78 | 0.00 | 8.78 |
| Total Comprehensive Income for the current year | 0.00 | 0.00 | 0.00 | (2.46) | (2.46) |
| Issue of Shares | 0.00 | 1.12 | 0.00 | 0.00 | 1.12 |
| Dividends | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfer to retained earnings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Any other change | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at 31st March 2022 | 0.00 | 4.40 | (32.88) | (8.21) | (36.69) |

The accompanying notes are an integral part of the financial statements

To be read with our report of even date

For and on Behalf of the Board

SRSV & Associates

 Chartered Accountants
 Registration # 015041S

V. Rajeswaran

 Partner
 Membership Number 020881

 Chennai
 19 May 2023

Venkatesh Rajagopal
 Chairman
 DIN: 00003625

Vidyuth Rajagopal
 Managing Director
 DIN 07578471

A. Rishi Kumar
 Company Secretary
 M.No: A42884

S Venkataraghavan
 Chief Financial Officer

Notes on Financial Statements for the year ended 31st March, 2023
1 Significant Accounting Policies
Company Overview

Celebrity Fashions Limited ("the Company") is a public limited company incorporated in India. The Company's equity shares are listed on BSE and NSE. The Registered office is located at Chennai.

1.1 Statement of Compliance

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

1.2 Basis of Preparation of Financial Statements

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

The principal accounting policies are set out below:

All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

1.3 Going Concern

The board of directors have considered the financial position of the Company at 31 March 2022 and projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

1.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

1.5 Revenue Recognition

The Company has applied Ind AS 115 from April 1, 2018 and had opted for Modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April 2018, and subsequent contracts with customers from that date.

1.5.1 Sale of Goods

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time the Company has a right to payment for the asset, customer has possession and legal title of the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Company has objective evidence that all criteria for acceptance have been satisfied.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

1.5.2 Income from service

Revenue from job contract manufacturing activities is recognised when the performance obligations are satisfied and the control of the product is transferred at a point in time, being when the goods are delivered as per the relevant terms of the contract at which point in time the Company has a right to payment for the asset, customer has possession and legal title of the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Company has objective evidence that all criteria for acceptance have been satisfied.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

1.6 Foreign Currencies
1.6.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Indian rupee, which is the company's functional and presentation currency.

1.6.2 Transaction balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

1.7 Employee Benefits
1.7.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

1.7.2 Other Long term employee benefit

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

1.7.3 Post employment obligation

The Company operates the following post-employment schemes:

- a. Defined benefit plans such as gratuity for its eligible employees, and
- b. Defined contribution plans such as provident fund

Defined Contribution plan:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plan:

The Company has a gratuity defined benefit plans for its employees. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and the balance sheet. The Company has funded this with Reliance Life Insurance and SBI Life Insurance. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

1.7.4 Bonus Plans

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.8.1 Current Tax

The income tax expenses or credit is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted.

1.8.2 Deferred Tax

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.

1.8.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

1.9 Property, Plant and Equipment

Property, Plant And Equipment are stated at cost including incidental expenses related to acquisition and installation, less accumulated depreciation and impairment if any. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Direct costs are capitalized until the Property Plant And Equipment are ready for use. These costs includes non recoverable taxes, duties or levies, freight and any other directly attributable costs of bringing the asset to its working condition for its intended use.

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses arising from retirement or disposal of the Property, Plant And Equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss on the date of retirement or disposal.

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.

The assets' residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited / debited to profit or loss.

| 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 |

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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work - in -progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.10 Intangible Assets

Intangible assets are stated at cost less accumulated amortisation / 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. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Amortization of Intangible Assets

The amortization period and the amortization method for an intangible asset are reviewed, at least, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

| Category of Assets | Useful life under Companies Act, 2013 | Useful life estimated by the Management |
|--------------------------------|---------------------------------------|---|
| Computer Software (Intangible) | 3 | 3 |

1.11 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

1.12 Impairment of tangible and intangible assets

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.

1.13 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.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1.14 Provisions and contingencies

Provisions

Provisions are recognised when there is a present obligation or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

1.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

1.16 Financial Assets

1.16.1 Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company classifies its financial assets in the following measurement categories:

-those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

-those measured at amortised cost

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain or losses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1.17 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

1.18 Cash and Cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three month or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

1.19 Impairment of Financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

-Financial assets measured at amortized cost

-Financial assets measured at fair value through other comprehensive income

Expected credit loss are measured through a loss allowance at an amount equal to:

-the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or

-full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

1.20 Income Recognition

Interest Income

Interest income from debt instruments is recognized using the effective interest rate method.

1.21 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

1.21.1 Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

1.21.2 Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has

been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.21.3 Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

1.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Company has only a single reportable segment.

1.23 Leases

Till March 31, 2019

Leases of property, plant and equipment where the Company, as a lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rents are payable as per the agreed terms.

With effective from April 1, 2019

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate as a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Such modification is adjusted against the Right-of-use asset

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

1.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

1.26 Earning Per Share

Basic earnings per share have been computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and diluted potential shares, except where the result would be anti-dilutive.

1.27 Exceptional Items

Exceptional Items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of Company's

financial performance. Items which may be considered exceptional are diminution in value of investments in equity shares of subsidiaries, Impairment Loss, etc.

1.28 New standards and amendments

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April 2019:

- i) Ind AS 116, Leases
- ii) Uncertainty over income tax treatments - Appendix C to Ind AS 12, Income Taxes
- iii) Plan amendment, Curtailment and Settlement - Amendments to Ind AS 19, Employee Benefits
- iv) Amendment to Ind AS 12, Income Taxes
- v) Amendment to Ind AS 23, Borrowing costs

The company adopted Ind AS 116 Leases standard, the impact of adoption has been disclosed as part of notes. Other amendments did not have any significant impact on the financial statements.

Notes on Financial Statements for the year ended 31st March 2023

₹ in Crores

2 Property, Plant & Equipment

The reconciliation for changes in the carrying value of property, plant and equipment for the year ended March 31, 2023 are as follows:

| Description | Land and Site Development | Lease Hold Land | Buildings | Plant & Machinery | Electrical Installation | Office Equipments | Computers | Vehicles | Furniture & Fixtures | Total |
|--------------------------------------|---------------------------|-----------------|--------------|-------------------|-------------------------|-------------------|-------------|-------------|----------------------|--------------|
| I. Gross Block | | | | | | | | | | |
| Balance as at 1st April 2021 | - | - | 11.43 | 25.60 | 3.11 | 0.61 | 0.40 | - | 0.26 | 41.41 |
| Additions | - | - | - | 0.07 | 0.11 | 0.12 | 0.04 | 0.40 | 0.01 | 0.75 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st March 2022 | - | - | 11.43 | 25.67 | 3.22 | 0.73 | 0.44 | 0.40 | 0.27 | 42.16 |
| Additions | - | - | 1.66 | 1.76 | 0.27 | 1.64 | 0.10 | - | 0.35 | 5.78 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st March 2023 | - | - | 13.09 | 27.43 | 3.49 | 2.37 | 0.54 | 0.40 | 0.62 | 47.94 |
| II. Accumulated Depreciation | | | | | | | | | | |
| Balance as at 1st April 2021 | - | - | 1.22 | 14.76 | 3.00 | 0.35 | 0.31 | - | 0.19 | 19.83 |
| Depreciation expenses for the year | - | - | 0.23 | 2.75 | 0.04 | 0.11 | 0.06 | 0.03 | 0.01 | 3.23 |
| Disposal of assets | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st March 2022 | - | - | 1.45 | 17.51 | 3.04 | 0.46 | 0.37 | 0.03 | 0.20 | 23.06 |
| Depreciation expenses for the year | - | - | 0.23 | 2.76 | 0.02 | 0.21 | 0.05 | 0.05 | 0.03 | 3.35 |
| Disposal of assets | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st March 2023 | - | - | 1.68 | 20.27 | 3.06 | 0.67 | 0.42 | 0.08 | 0.23 | 26.41 |
| III. Net Block | | | | | | | | | | |
| Balance as at 31st March 2022 | - | - | 9.98 | 8.16 | 0.18 | 0.27 | 0.07 | 0.37 | 0.07 | 19.10 |
| Balance as at 31st March 2023 | - | - | 11.41 | 7.16 | 0.43 | 1.70 | 0.12 | 0.32 | 0.39 | 21.53 |

Refer to notes 1.9 for information on significant accounting policies.

3 Other Intangible assets

The reconciliation for changes in the carrying value of Intangible Asset for the year ended March 31, 2023 are as follows:

| Description | Computer Software | Total |
|--------------------------------------|-------------------|-------------|
| I. Gross Block | | |
| Balance as at 1st April 2021 | 0.15 | 0.15 |
| Additions | 0.03 | 0.03 |
| Disposals | - | - |
| Balance as at 31st March 2022 | 0.18 | 0.18 |
| Additions | - | - |
| Disposals | - | - |
| Balance as at 31st March 2023 | 0.18 | 0.18 |
| II. Accumulated Depreciation | | |
| Balance as at 1st April 2021 | 0.13 | 0.13 |
| Depreciation expenses for the year | 0.03 | 0.03 |
| Disposal of assets | - | - |
| Balance as at 31st March 2022 | 0.16 | 0.16 |
| Depreciation expenses for the year | 0.01 | 0.01 |
| Disposal of assets | - | - |
| Balance as at 31st March 2023 | 0.17 | 0.17 |
| III. Net Block | | |
| Balance as at 31st March 2022 | 0.02 | 0.02 |
| Balance as at 31st March 2023 | 0.01 | 0.01 |

Refer to note 1.10 for information on significant accounting policies.

4 Investment Property

The reconciliation for changes in the carrying value of Investment Property for the year ended March 31, 2023 are as follows:

| Description | Land | Building | Total |
|--------------------------------------|----------|----------|----------|
| I. Gross Block | | | |
| Balance as at 1st April 2021 | - | - | - |
| Additions | - | - | - |
| Disposals | - | - | - |
| Balance as at 31st March 2022 | - | - | - |
| Additions | - | - | - |
| Disposals | - | - | - |
| Balance as at 31st March 2023 | - | - | - |
| II. Accumulated Depreciation | | | |
| Balance as at 1st April 2021 | - | - | - |
| Depreciation expenses for the year | - | - | - |
| Disposal of assets | - | - | - |
| Balance as at 31st March 2022 | - | - | - |
| Depreciation expenses for the year | - | - | - |
| Disposal of assets | - | - | - |
| Balance as at 31st March 2023 | - | - | - |
| III. Net Block | | | |
| Balance as at 31st March 2022 | - | - | - |
| Balance as at 31st March 2023 | - | - | - |

Notes on Financial Statements for the year ended 31st March 2023

₹in Crores

i. Fair Value

| SI.No. | Particulars | 31-Mar-23 | 31-Mar-22 |
|--------|---------------------|-----------|-----------|
| 1 | Investment Property | - | - |

The fair values of investment properties have been determined with reference to the market value as for the location at which the property is located by an independent third party valuer. The fair valuation of the property is determined annually.

ii. Amounts recognised in profit or loss for investment property

| SI.No. | Particulars | 31-Mar-23 | 31-Mar-22 |
|--------|---|-----------|-----------|
| | Rental Income | | |
| 1 | Direct operating expenses from property that generated rental income | - | - |
| 2 | Direct operating expenses from property that did not generate rental income | - | - |
| | Profit from investment properties before depreciation | - | - |
| | Depreciation | - | - |
| | Profit from investment properties | - | - |

5. Right to use Asset

| Particulars | Building |
|--|--------------|
| I. Gross Block | |
| Balance as at 1st April 2021 | 14.86 |
| Additions | - |
| (Deletions during the year due to modification of lease payments) | - |
| (Modification during the year due to modification of lease payments) | 1.76 |
| Balance as at 31st March 2022 | 16.62 |
| Additions during the year | 5.46 |
| (Deletions during the year due to modification of lease payments) | - |
| (Modification during the year due to modification of lease payments) | - |
| Balance as at 31st March 2023 | 22.08 |
| II. Accumulated Depreciation | |
| Balance as at 1st April 2021 | 8.76 |
| Amortisation for the year | 4.05 |
| Disposal of assets | - |
| Balance as at 31st March 2022 | 12.81 |
| Amortisation for the year | 4.87 |
| Disposal of assets | - |
| Balance as at 31st March 2023 | 17.68 |
| III. Net Block | |
| Balance as at 31st March 2022 | 3.81 |
| Balance as at 31st March 2023 | 4.40 |

The company has generally leased building for factory, the lease period, ranges from 2-7 years, lease terms included for workings is the non-cancellable period and expected lease term.

Company has exercised the option of short term leases and low value asset exemption.

Extension and termination options

Extension options has been included in a certain of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an

extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

For leases of factory building, the following are normally the most relevant:

- If there are significant penalties to terminate or not extend, the Company is typically reasonably certain to extend.

Notes on Financial Statements for the year ended 31st March 2023

₹in Crores

- If the leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend.
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or not exercised, or the Company becomes obliged to exercise or not exercise. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach with cumulative effect of initial application recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

- The company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.

- The company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.
- The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".
- The Company has excluded the initial direct costs from measurement of the right-of-use asset at the" date of transition.
- The company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of Rs.3.25 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising "Right-of-use asset" of Rs. 20.83 crores and a corresponding "Lease liability" of Rs. 20.83 crores as at the date of initial application. The net impact on retained earnings on 1st April 2019 is Nil.

| PARTICULARS | | As at 31-Mar-23 | As at 31-Mar-22 |
|-------------|---|--------------------|--------------------|
| 5 | Right-of-use assets Non Current | | |
| | Right-of-use assets | 4.40 | 3.81 |
| | Total | 4.40 | 3.81 |
| 6 | Other Financial Assets Non Current Unsecured and considered good | | |
| a | Security Deposits | 3.96 | 2.60 |
| | Total | 3.96 | 2.60 |

Security Deposits include Rental, Electricity and Other Deposits which have been given for business purposes.

Breakup of security details

| | | | |
|--|--|-------------|-------------|
| | Loans considered good - secured | - | - |
| | Loans considered good - unsecured | 3.96 | 2.60 |
| | Loans which have significant increase in credit risk | - | - |
| | Loans-credit impaired | - | - |
| | | 3.96 | 2.60 |
| | Less:Loss allowance | - | - |
| | Total Loans | 3.96 | 2.60 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|---|--------------------|--------------------|
| 7 INCOME TAX ASSETS | | |
| a Balance due from Revenue Authorities | 3.52 | 3.49 |
| Total | 3.52 | 3.49 |
| Balance Due from Revenue Authorities comprises of tax refund due from the Income Tax Department which are outstanding for more than 12 months. Income Tax refund is determined after year wise set off of Advance Taxes Paid and taxes deducted at source against provision for taxation. | | |
| 8 DEFERRED TAX ASSETS | | |
| Deferred Tax Asset | - | - |
| Deferred Tax Asset on Unabsorbed Depreciation & Business Loss | - | - |
| Total | - | - |
| 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. | | |
| In accordance with the provisions of Ind AS 12 income taxes, 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. | | |
| 9 INVENTORIES | | |
| a Raw Materials | 38.60 | 37.84 |
| b Work-in-Progress | 1.79 | 1.69 |
| c Finished Goods | 55.72 | 31.85 |
| Total | 96.11 | 71.38 |
| Write-downs of inventories to net realisable value amounted to ₹0 crs (31 March 2022 – ₹4.54 crs). These were recognised as an expense during the year and included in changes in value of inventories of work-in-progress, stock-in-trade and finished good | | |
| 10 TRADE RECEIVABLES | | |
| a Dues from related parties | 4.40 | 7.68 |
| b Unsecured and considered good | 28.35 | 59.91 |
| Total | 32.75 | 67.59 |
| Breakup of security details | | |
| Trade receivables considered good - secured | - | - |
| Trade receivables considered good - unsecured | 32.75 | 67.59 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables-credit impaired | - | - |
| | 32.75 | 67.59 |
| Less:Loss allowance | - | - |
| Total Trade Receivables | 32.75 | 67.59 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 | | | | |
|---|---|----------------------|-------------|-------------|----------------------|-------------|
| Trade Receivables ageing schedule as at 31st March 2023 | | | | | | |
| PARTICULARS | Outstanding for following period from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| i) Undisputed Trade receivables - Considered good | 29.44 | 3.31 | - | - | - | 32.75 |
| ii) Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| iii) Undisputed Trade receivables - credit impaired | - | - | - | - | - | - |
| iv) Disputed Trade receivables - Considered good | - | - | - | - | - | - |
| v) Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| vi) Disputed Trade receivables - credit impaired | - | - | - | - | - | - |
| Total | 29.44 | 3.31 | - | - | - | 32.75 |
| Trade Receivables ageing schedule as at 31st March 2022 | | | | | | |
| PARTICULARS | Outstanding for following period from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| i) Undisputed Trade receivables - Considered good | 67.57 | 0.02 | - | - | - | 67.59 |
| ii) Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| iii) Undisputed Trade receivables - credit impaired | - | - | - | - | - | - |
| iv) Disputed Trade receivables - Considered good | - | - | - | - | - | - |
| v) Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| vi) Disputed Trade receivables - credit impaired | - | - | - | - | - | - |
| Total | 67.57 | 0.02 | - | - | - | 67.59 |
| 11 CASH AND BANK BALANCES | | | | | | |
| a Cash and cash equivalents | | | | | | |
| Balances with Banks | | | | | | |
| In Current Account | | | | | 5.09 | 0.27 |
| Cash on hand | | | | | 0.13 | 0.10 |
| Total | | | | | 5.22 | 0.37 |
| 12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS | | | | | | |
| a Fixed Deposits with Banks | | | | | 3.24 | 1.66 |
| Total | | | | | 3.24 | 1.66 |

Fixed deposits with banks include deposits of ₹2.37 crs with a maturity of more than 3 months, but less than 12 months (Previous Year ₹1.66 crs)

Fixed deposits with banks comprises of restricted bank balances of ₹3.24 crs (Previous year ₹1.56 crs) The restrictions are primarily on account of fixed deposits held as margin money against borrowings / bank guarantees / bank payables.

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| 13 OTHER FINANCIAL ASSETS | | |
| a Amount Receivable on Mark to Market on Forward Contracts | - | - |
| b Rent Receivable | - | - |
| c Interest accrued on Fixed Deposits | - | 0.05 |
| d Loans and advances to Employees | 0.18 | 0.11 |
| Total | 0.18 | 0.16 |
| 14 OTHER CURRENT ASSETS | | |
| Unsecured and considered good | | |
| a Advances to suppliers of goods and services | 4.99 | 5.59 |
| b Prepaid Expenses | 0.36 | 0.72 |
| c Export Benefit Receivable | | |
| Duty Drawback Receivable | 0.02 | 0.21 |
| ROSL Receivable | - | - |
| MLFPS Receivable | - | - |
| d Other Indirect Taxes Receivable | | |
| Service Tax Receivable | 1.09 | 1.09 |
| GST Input Credit (Net) | 3.37 | 3.10 |
| Cenvat Receivable | 0.10 | 0.10 |
| VAT - Input Credit | - | - |
| Total | 9.93 | 10.81 |
| 15 SHARE CAPITAL | | |
| a Authorized, Issued, Subscribed and Paid-Up Share Capital | | |
| Authorized Share Capital: | | |
| 6,40,00,000 (Previous Year 5,40,00,000) Equity Shares of ₹10/- each | 64.00 | 54.00 |
| Issued Capital | | |
| 5,87,63,664 (Previous year 5,40,00,000) Equity Shares of ₹10/- each | 58.76 | 54.00 |
| Subscribed and Paid up Capital | | |
| 5,40,54,113 (Previous Year 5,16,72,281) Equity Share of ₹10/- each | 54.05 | 51.67 |
| Total | 54.05 | 51.67 |
| Upon approval of the shareholders vide resolution dated 15th March 2023, the Company has allotted 23,81,832 shares on preferential basis to Citrine Fund Limited on 31st March 2023. | | |
| b Reconciliation of the number of shares | | |
| Number of Equity Shares outstanding at the beginning of the year | 5,16,72,281 | 4,77,68,005 |
| Add: Number of Equity Shares issued during the year | 23,81,832 | 39,04,276 |
| Number of Equity Shares outstanding at the end of the year | 5,40,54,113 | 5,16,72,281 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| c Rights, Preferences and Restrictions attached to equity 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. | | |
| In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of Equity Shares held by the shareholders, after distribution of all preferential amounts. | | |
| d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates | NIL | NIL |
| e Details of Equity Shares held by each Shareholder holding more than 5% | | |

| Name of the Shareholder | As at 31-Mar-23 | | As at 31-Mar-22 | |
|---------------------------|--------------------|--------|--------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Mr. Venkatesh Rajagopal | 10957617 | 20.27% | 10957617 | 21.2% |
| Mrs. Rama Rajagopal | 8985962 | 16.2% | 8985962 | 17.4% |
| Davos International Fund | 4565000 | 8.45% | 4565000 | 8.8% |
| Mr. Charath Ram Narsimhan | 4029733 | 7.45% | 4346847 | 8.4% |
| ARES Diversified | 3904276 | 7.22% | 3904276 | 7.6% |

f Details of Equity Shares held by promoters at the end of the year

| Name of Promoter | % Change during the year |
|-------------------------|-----------------------------|
| Mr. Venkatesh Rajagopal | 0.94% |
| Mrs. Rama Rajagopal | 1.19% |

| Name of Promoter Group | % Change during the year |
|------------------------|-----------------------------|
| Mr. Vidyuth Rajagopal | 0.01% |
| Ms. Anjali Rajagopal | 0.00% |
| Mr. Rajagopalan K A | 0.00% |

Details of Equity Shares held by promoters at the end of the previous year

| Name of Promoter | % Change during the year |
|-------------------------|-----------------------------|
| Mr. Venkatesh Rajagopal | 1.73% |
| Mrs. Rama Rajagopal | 1.42% |

| Name of Promoter Group | % Change during the year |
|------------------------|-----------------------------|
| Mr. Vidyuth Rajagopal | 0.00% |
| Ms. Anjali Rajagopal | 0.00% |
| Mr. Rajagopalan K A | 0.00% |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| g Shares reserved for issuance | | |
| Convertible Warrants on Preferential basis in FY 2022-23 | - | - |
| Convertible Warrants on Preferential basis in FY 2021-22 | - | - |
| | - | - |
| As at 31st March 2023, NIL Warrants (Previous Year NIL) | | |
| h Shares allotted for consideration other than cash during the last 5 years | NIL | NIL |
| 16 RESERVES AND SURPLUS | | |
| a Securities Premium Reserve | | |
| Opening Balance | 4.40 | 3.28 |
| Add: Premium received on Equity Shares issued during the year | 2.64 | 1.12 |
| Closing Balance | 7.04 | 4.40 |
| b Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening Balance | (41.09) | (47.41) |
| Add: Profit / (Loss) for the year | 6.15 | 8.78 |
| Other Comprehensive Income | 0.55 | (2.46) |
| Closing Balance | (34.39) | (41.09) |
| Total | (27.35) | (36.69) |
| Securities Premium Reserve represent the premium received on issues of securities, the same is available for use as per Companies Act, 2013. | | |
| Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve. | | |
| 17 Application Money received against Share Warrants | | |
| Opening Balance | - | - |
| Add: Received during the year | - | - |
| Less: Converted during the year | - | - |
| Closing balance | - | - |
| 18 LONG TERM BORROWINGS | | |
| Unsecured | | |
| Preference Shares | | |
| Authorized | | |
| 2,60,00,000 (Previous Year 2,60,00,000) 1% Cumulative Redeemable Preference Shares of ₹10/- each | 26.00 | 26.00 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| Issued, Subscribed and Paid up | | |
| 2,00,83,600 (Previous year 2,00,83,600) 1% Cumulative Redeemable Preference Shares of ₹10/- each | 20.08 | 20.08 |
| Preference Shares Classified as Borrowing held under amortised cost model | 22.42 | 22.22 |
| Preference Shres Classified as Non-Current Borrowings | 12.38 | 17.20 |
| Secured | | |
| Term loans from Banks | 9.74 | 6.76 |
| Term Loan from Others | 0.05 | 0.18 |
| Total | 22.17 | 24.14 |

Net debt reconciliation

| Particulars | 31-Mar-23 | 31-Mar-22 |
|------------------------|----------------|----------------|
| Current borrowings | (59.56) | (51.93) |
| Non current borrowings | (22.17) | (24.14) |
| Net debt | (81.73) | (76.07) |

| Particulars | Liabilities from financing activities | |
|------------------------------------|---------------------------------------|-----------------------|
| | Non current borrowings | Current borrowings |
| Net debt as on 01st April 2021 | (31.05) | (49.98) |
| Cash flows | 6.91 | (1.95) |
| Acquisition - Finance leases | - | - |
| Foreign Exchange Adjustments | - | - |
| Interest expense | (1.08) | (2.42) |
| Interest paid | 1.08 | 2.42 |
| <u>Other non-cash movements</u> | - | - |
| -Acquisition/disposals | - | - |
| -Fair value adjustments | - | - |
| Net debt on 31st March 2022 | (24.14) | (51.93) |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|------------------------------------|--------------------|--------------------|
| Net debt as on 01st April 2022 | (24.13) | (51.94) |
| Cash flows | 1.96 | (7.62) |
| Acquisition - Finance leases | - | - |
| Foreign Exchange Adjustments | - | - |
| Interest expense | (1.37) | (3.27) |
| Interest paid | 1.37 | 3.27 |
| <u>Other non-cash movements</u> | - | - |
| -Acquisition/disposals | - | - |
| -Fair value adjustments | - | - |
| Net debt on 31st March 2023 | (22.17) | (59.56) |

a Rights, Preferences and Restrictions attached to Preference shares

The Cumulative Redeemable Preference Shares carry a dividend of 1% p.a. and will be redeemed in 5 equal annual installments starting with the financial year 2022.

b Details of 1% Cumulative Redeemable Preference Shares held by each Shareholder more than 5%

| Name of the Shareholder | As at 31-Mar-23 | | As at 31-Mar-22 | |
|-------------------------|--------------------|--------|--------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| State Bank of India | 200836000 | 100.0% | 200836000 | 100.0% |
| % Holding | | | | |
| State Bank of India | | 100.0% | | 100.0% |

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

| | | |
|---|-------------|-------------|
| Term loans from State Bank of India | 12.05 | 9.07 |
| Less: Loans Classified under Other Current Liabilities - being current maturities of long term borrowings | 2.31 | 2.31 |
| Long Term Borrowings | 9.74 | 6.76 |

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

Also the loans are additionally secured by the following collaterals:

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| Hypothecation charge of the entire plant & machinery | | |
| Equitable mortgage over leasehold rights of land (2.306 acres and building (168050 Sq.ft) at plot no.C-2, Phase - II, | | |
| Pledge of 1,41,68,540 shares belonging to the Promoter Directors | | |
| Personal Guarantee of Promoter Directors & Managing Director | | |
| There were no pending obligations on interest and debt repayment to the lender, State Bank of India as on 31st March 2023. | | |
| The Company has availed GECL - 2.0 Extension Credit Scheme for Rs.5.30 cr under Aatma Nirbhar Bharat Package announced by Central Government. | | |
| The Company had issued 2,51,04,500 1% Cumulative Redeemable Preference Shares of Rs.10/- each to State Bank of India redeemable in five equal instalments between FY22 to FY26 . The second Instalment of the same was due on March 31, 2023 and the redemption was made on April 29, 2023 out of proceeds from preferential allotment of equity shares made on March 31, 2023 which was ratified by the shareholders on April 29, 2023. | | |
| 19 LEASE LIABILITY | | |
| Non-Current | 2.62 | - |
| Current | 2.01 | 5.15 |
| Total | 4.63 | 5.15 |

Net Debt Reconciliation

| Particulars | Lease obligations |
|---------------------------------|--------------------|
| Net debt as at 31 March 2021 | |
| On Adoption of Ind AS 116 | 8,00,18,113 |
| Cash flows | (4,61,94,181) |
| Acquisitions – leases | - |
| Interest expenses | 1,19,07,562 |
| Interest Paid | (1,19,07,562) |
| Modification of lease liability | 1,76,73,619 |
| Deletion of lease liability | 0 |
| Net Debt on 31.03.22 | 5,14,97,551 |
| Net debt as at 31 March 2022 | |
| On Adoption of Ind AS 116 | 5,14,97,551 |
| Cash flows | (5,97,49,180) |
| Acquisitions – leases | - |
| Interest expenses | 83,51,531 |
| Interest Paid | (83,51,531) |
| Modification of lease liability | 5,45,39,088 |
| Deletion of lease liability | 0 |
| Net Debt on 31.03.23 | 4,62,87,459 |

| PARTICULARS | | As at 31-Mar-23 | As at 31-Mar-22 |
|-------------|--|--------------------|--------------------|
| 20 | OTHER NON CURRENT LIABILITIES | | |
| | Government Grant | 0.20 | 0.15 |
| | Total | 0.20 | 0.15 |
| 21 | SHORT-TERM BORROWINGS | | |
| | Current Maturities of Preference Shares Classified as Current Borrowings | 10.04 | 5.02 |
| a | Loans Repayable on Demand from Banks | | |
| | Secured: | | |
| | Working Capital Facilities | 31.59 | 23.57 |
| | Export Bills Discounted | 15.49 | 20.92 |
| b | Current Maturities of Long-Term Borrowings | | |
| | Term loans from Banks | 2.31 | 2.31 |
| | Term loans from Others | 0.12 | 0.11 |
| | Total | 59.55 | 51.93 |
| 22 | TRADE PAYABLES | | |
| a | Micro, Small and Medium Enterprises | 0.01 | 0.08 |
| b | Others | 32.41 | 37.98 |
| | Total | 32.42 | 38.06 |

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.

The loans are additionally secured by the following collaterals:

Hypothecation charge on the entire plant & machinery

Equitable mortgage over leasehold rights of land (2.306 acres and building (168050 Sq.ft) at Plot No.C-2, Phase - II,

Pledge of 1,41,68,540 shares belonging to the Promoter Directors

Personal Guarantee of Promoter Directors & Managing Director

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows

| Particulars | 31-03-2023 | 31-03-2022 |
|---|------------|------------|
| a Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.01 | 0.08 |
| b Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | - |
| c Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| d Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year. | - | - |
| e Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| f Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| g Further interest remaining due and payable for earlier years outstanding on the same. | - | - |

Trade Payables ageing schedule as at 31st March 2023

| PARTICULARS | Outstanding for the following period from due date of payment | | | | |
|------------------------------|---|-------------|-------------|-------------------|--------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| i) Undisputed dues - MSME | 0.01 | 0.00 | 0.00 | 0.00 | 0.01 |
| ii) Undisputed dues - Others | 32.33 | 0.08 | 0.00 | 0.00 | 32.41 |
| iii) Disputed dues - MSME | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| iv) Disputed dues - Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 32.34 | 0.08 | 0.00 | 0.00 | 32.42 |

Trade Payables ageing schedule as at 31st March 2022

| PARTICULARS | Outstanding for the following period from due date of payment | | | | |
|------------------------------|---|-------------|-------------|-------------------|--------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| i) Undisputed dues - MSME | 0.08 | 0.00 | 0.00 | 0.00 | 0.08 |
| ii) Undisputed dues - Others | 37.96 | 0.02 | 0.00 | 0.00 | 37.98 |
| iii) Disputed dues - MSME | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| iv) Disputed dues - Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 38.04 | 0.02 | 0.00 | 0.00 | 38.06 |

23 OTHER FINANCIAL LIABILITY
a Expenses Payable

| | | |
|----------------------------|--------------|--------------|
| Accrued Expenses | 12.74 | 21.63 |
| Salaries and Wages Payable | 4.99 | 4.15 |
| Bonus Payable | 2.52 | 3.44 |
| | 20.25 | 29.22 |

b Amount Payable on Mark to Market on Forward Contracts

| | | |
|--------------|--------------|--------------|
| | 0.41 | 0.48 |
| Total | 20.66 | 29.70 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|---|--------------------|--------------------|
| 24 OTHER CURRENT LIABILITIES | | |
| Advance from Customers | 2.83 | - |
| Withholding and Other Taxes Payable | 1.56 | 1.35 |
| MLFPS Payable | - | 5.00 |
| Government Grant | 0.03 | 0.03 |
| Total | 4.42 | 6.38 |
| 25 SHORT-TERM PROVISIONS | | |
| a Provision for Employee Benefits | | |
| Provision for Unavailed leave | 5.04 | 5.40 |
| Provision for Gratuity (Refer Note 49) | 5.06 | 5.10 |
| Total | 10.10 | 10.50 |
| 26 REVENUE FROM OPERATIONS (GROSS) | | |
| Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies geography, amongst others to indicate the factors as mentioned above. The details of revenue from sale of products on the basis of geography is provided : | | |
| a Sale of Products | | |
| Manufactured goods | | |
| Exports | 335.69 | 304.60 |
| Domestic | 18.67 | 19.59 |
| b Other Operating Revenues | | |
| Income from Job Contract Manufacturing Activities | 1.33 | 0.44 |
| Export Incentives | 8.52 | 3.06 |
| Total | 364.21 | 327.69 |

The operations of the Company relate to only one segment viz., garment manufacturing. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

Transaction price allocated to the remaining performance obligations. The Company's contracts with customers are short term contracts with performance obligations that has an original expected duration of one year or less. Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

There is no impact on the retained earnings as on the date of adoption of the standard. There is no effect on any financial statement line item due to application of this standard and there is no requirement to disclose the same.

| PARTICULARS | | As at 31-Mar-23 | As at 31-Mar-22 |
|-------------|---|--------------------|--------------------|
| 27 | OTHER INCOME | | |
| a | Interest income from Financial Assets at amortised cost | 0.10 | 0.12 |
| b | Rental income | - | - |
| c | Foreign Currency Transactions (Other than considered in finance costs) | - | 0.13 |
| d | Others | 0.03 | 0.03 |
| | Total | 0.13 | 0.28 |
| | Interest income comprises: | | |
| | Interest on fixed deposits with Banks | 0.09 | 0.11 |
| | Interest on employee loans | 0.01 | 0.01 |
| 28 | COST OF MATERIALS | | |
| | Opening Stock of Materials | 37.84 | 20.04 |
| | Add: Purchases of Materials | 227.89 | 214.59 |
| | Closing Stock of Materials | 38.59 | 37.84 |
| | Total | 227.14 | 196.79 |
| 29 | CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC | | |
| | Closing Stock | | |
| | Finished Goods | 55.72 | 31.85 |
| | Work-in-Progress | 1.78 | 1.69 |
| | Opening Stock | | |
| | Finished Goods | 31.85 | 37.90 |
| | Work-in-Progress | 1.69 | 1.67 |
| | Total | (23.96) | 6.03 |
| 30 | EMPLOYEE BENEFITS EXPENSE | | |
| | Salaries and Wages | 69.44 | 56.16 |
| | Contribution to Provident and Other Funds | 7.36 | 5.97 |
| | Staff Welfare Expenses | 3.77 | 3.38 |
| | Total | 80.57 | 65.51 |
| 31 | FINANCE COSTS | | |
| a | Interest on Financial liability not at Fair Value through Profit & Loss | | |
| | Term loans | 1.17 | 0.83 |
| | Working Capital & Others | 3.27 | 2.42 |
| | Preference Shares | 0.20 | 0.25 |
| | Interest on Lease Liability | 0.84 | 1.19 |
| b | Other Borrowing Costs - Bank Charges | 1.74 | 1.29 |
| | Total | 7.22 | 5.98 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|---|--------------------|--------------------|
| 32 DEPRECIATION | | |
| Depreciation PPE | 3.36 | 3.26 |
| Amortisation of Right to use asset | 4.87 | 4.05 |
| Total | 8.23 | 7.31 |
| 33 OTHER EXPENSES | | |
| Subcontracting and Garment Processing Costs | 10.11 | 11.26 |
| Consumables | 3.97 | 1.67 |
| Power & Fuel | 4.08 | 3.22 |
| Rent | 1.97 | 0.29 |
| Insurance | 1.07 | 0.70 |
| Maintenance Expenses | 3.15 | 1.61 |
| Rates and Taxes | 0.53 | 0.38 |
| Shipping Charges | 5.92 | 2.47 |
| Export Expenses | (1.06) | 0.05 |
| Traveling & Conveyance | 9.23 | 6.57 |
| Consultancy Charges | 3.50 | 2.68 |
| Communication Expenses | 1.01 | 0.66 |
| Selling Commission | 0.45 | 0.13 |
| Printing & Stationery | 0.28 | 0.21 |
| Auditors' Remuneration | 0.06 | 0.06 |
| Directors Remuneration | 1.38 | 0.86 |
| Foreign Currency Transactions - Net Loss (Other than considered in finance costs) | 3.48 | - |
| Other Miscellaneous Expenses | 9.86 | 4.75 |
| Total | 58.99 | 37.57 |
| <p>Auditors' Remuneration includes ₹4.50 lakhs (Previous Year ₹4.50 lakhs) against Statutory Audit, Secretarial Audit Fee ₹1.15 lakhs (Previous year ₹1.15 lakhs)</p> <p>An amount of ₹0.30 lakhs (Previous Year ₹0.25 lakhs) was paid to the Auditors towards certification, out-of-pocket expenses and for representation, in taxation matters and Tax Audit and the same is classified under Consultancy Charges. ₹1.00 lakhs (Previous Year ₹0.70 lakhs) against Tax Audit.</p> <p>Directors Sitting Fee of ₹12.10 lakhs (Previous year ₹0.71 lakhs) is grouped under Other Miscellaneous expenses.</p> <p>Provision for Variable Bonus of ₹.0.24 lakhs to Managing Director has been included under Bonus</p> <p>Other Miscellaneous Expenses includes CSR Expenditure - Refer Note No.: 51</p> | | |
| 34 EXCEPTIONAL ITEMS - Expense / (Income) | | |
| Interest on Term Loan | - | - |
| Profit on Sale of Immovable Property | - | - |
| Total | - | - |
| 35 OTHER COMPREHENSIVE INCOME | | |
| Items that will not be reclassified to Profit or Loss | | |
| Remeasurement of post employment benefit obligations | 0.55 | (2.46) |
| Total | 0.55 | (2.46) |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| 36 Fair Value Measurement | | |
| Financial instruments | | |
| Financial instruments by category | 31-Mar-23 | 31-Mar-22 |
| Financial Assets | | |
| Amortised cost | | |
| Trade receivables | 32.75 | 67.59 |
| Loans and advances to Employees | 0.18 | 0.11 |
| Cash and cash equivalents | 5.22 | 0.37 |
| Other bank balances | 3.25 | 1.70 |
| Security deposits | 3.96 | 2.60 |
| Interest accrued on Fixed Deposits | 0.00 | - |
| Rent Receivable | - | - |
| Fair value through Profit & Loss | | |
| Amount Receivable on Mark to Market on Forward Contracts | - | - |
| Total financial assets | 45.36 | 72.37 |
| Financial liabilities | | |
| Long Term Borrowings | 9.74 | 6.76 |
| Preference Share as long term borrowings | 12.38 | 17.20 |
| Short Term Borrowings | 59.55 | 51.93 |
| Trade payables | 32.42 | 38.06 |
| Other Financial Liability | 20.66 | 29.70 |
| Total financial liabilities | 134.75 | 143.65 |

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments. The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|-------------|--------------------|--------------------|
|-------------|--------------------|--------------------|

37. Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

A.Credit risk

Company faces credit risk from cash and cash equivalents, deposits with banks and financial institutions and unsecured trade receivables. The company doesn't face any credit risk with other financial assets.

(i) Credit risk management

Credit risk on deposit is mitigated by depositing the funds in reputed private sector bank. For trade receivables, the primary source of credit risk is that these are unsecured. The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at the transition date and 31st March 2023 company had no significant credit.

B.Liquidity risk

Objective of liquidity risk management is to maintain sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- a) all non-derivative financial liabilities, and
- b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

₹in Crores

| Non Derivatives | 31-Mar-23 | | | 31-Mar-22 | | |
|---|------------------------------|-----------------------------|---------------|------------------------------|-----------------------------|---------------|
| | Maturing within 1 year | Maturing after 1 Year | Total | Maturing within 1 year | Maturing after 1 Year | Total |
| Short term Borrowing | 64.18 | - | 64.18 | 48.06 | - | 48.06 |
| Long Term Borrowing | 2.49 | 25.79 | 28.28 | 2.49 | 7.88 | 10.37 |
| Expenses payable | 20.25 | - | 20.25 | 29.21 | - | 29.21 |
| Trade Payables | 32.42 | - | 32.42 | 38.06 | - | 38.06 |
| Lease liabilities | 2.01 | 2.62 | 4.63 | 5.15 | - | 5.15 |
| Total Non Derivative liabilities | 121.34 | 28.42 | 149.76 | 122.97 | 7.88 | 130.85 |

| PARTICULARS | As at 31-Mar-23 | | As at 31-Mar-22 | |
|--|--------------------|----------|--------------------|----------|
| C. Market risk | | | | |
| (i) Foreign currency risk | | | | |
| The company activities exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows: | | | | |
| Particulars | 31-Mar-23 | | 31-Mar-22 | |
| | USD | EURO | USD | EURO |
| Financial assets | | | | |
| Trade receivables | 21.27 | - | 56.99 | - |
| Exposure to foreign currency risk (assets) | 21.27 | - | 56.99 | - |
| Financial liabilities | | | | |
| Trade payables | 14.71 | - | 18.14 | - |
| Exposure to foreign currency risk (liabilities) | 14.71 | - | 18.14 | - |
| Net exposure to foreign currency risk | 6.55 | - | 38.85 | - |

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from major foreign currency denominated financial instruments

| | Impact on profit after tax | |
|-------------------------|-------------------------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| USD sensitivity | | |
| INR/USD Increases by 5% | 0.33 | 1.94 |

* Holding all other variable constant

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|---|--------------------|--------------------|
| 38. Capital management | | |
| (a) Risk management | | |
| The company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and -maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. | | |
| Particulars | 31-Mar-23 | 31-Mar-22 |
| Share Capital | 54.05 | 51.67 |
| Reserves and Surplus | (27.35) | (36.69) |
| Money Received Against Warrants | - | - |
| Preference Share Capital | 20.08 | 20.08 |
| Networth | 46.79 | 35.07 |

Company considers preference shares as part of the equity for its performance evaluation

| | | |
|------|------|------|
| Debt | 9.74 | 6.76 |
|------|------|------|

| | | |
|---------------|------|------|
| Debt / Equity | 0.21 | 0.19 |
|---------------|------|------|

Debt consists of Long term borrowings only.

Company intends to maintain optimal gearing ratio of one times of equity.

39. Segment Information

(All amounts in ₹Crores unless otherwise stated)

The company is primarily in the business of manufacturing and export of garments to reputed multinational brand. Chief Operating Decision Makers (CODM) evaluates the company's performance and allocate resources based on the analysis of various performance indicators of the company as single unit. Therefore there is only single reportable segment for the Company. Company is domiciled in India.

The Company has identified Geographical Segment as the secondary segment which consists of:

- a) Domestic (Sales to customers located in India)
- b) International (Sales to customers located outside India)

Entity wide disclosures

| Revenue from Operation | Domestic | Overseas | Total |
|------------------------|----------|----------|--------|
| FY 2022-2023 | 28.51 | 335.69 | 364.20 |
| FY 2021-2022 | 23.09 | 304.60 | 327.69 |

Revenues of approximately ₹ 221.68 crores (31 March 2022 ₹ 221.35 crores) are derived from a single external customer.

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The Company believes that it is not practical to allocate segment expenses, segment results, assets used, except trade receivables, in the Company's business or liabilities contracted since the resources / services/ assets are used interchangeably within the segments. All fixed assets are located in India. Accordingly, no secondary segmental information is disclosed.

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| <p>40 The company has significant accumulated losses. In this connection, the company has implemented various initiatives to improve on the efficiencies and control the losses.</p> <p>In view of the various strategic initiatives that the Company is exploring, it is confident of being able to continue and operate the business on a "Going Concern" basis and accordingly the financial statements have been prepared on the same lines</p> | | |
| <p>41 Some balances of Trade/Other receivables, Trade/Other Payables and Loans and Advances are subject to confirmation/reconciliation. Adjustments (if any) will be accounted for on confirmation/reconciliation of the same. In the opinion of the Board of Directors this will not have a material adverse impact on the Company's financial position and results of operations.</p> | | |
| <p>42 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act 2006") as at March 31, 2023 and March 31, 2022:-</p> | | |
| <p>i) Total outstanding dues of micro enterprises and small enterprises ((see note below)</p> | 0.01 | 0.08 |
| <p>ii) Total outstanding dues of creditors other than micro enterprises and small enterprises</p> | 32.41 | 37.98 |
| <p>43 EARNINGS PER SHARE</p> | | |
| <p>Earnings Per Share - In ₹</p> | | |
| <p>Basic</p> | 1.30 | 1.30 |
| <p>Diluted</p> | 1.30 | 1.30 |
| <p>Earnings per Share is calculated as under:</p> | | |
| <p>a Numerator</p> | | |
| <p>Net Profit after Tax as disclosed in Statement of Profit and Loss</p> | 6.70 | 6.32 |
| <p>b Denominator</p> | | |
| <p>Weighted Average Number of Equity Share Outstanding</p> | | |
| <p>Basic</p> | 5,15,37,239 | 4,85,98,150 |
| <p>Diluted</p> | 5,15,37,239 | 4,85,98,150 |
| <p>c Nominal Value of Equity Share (In ₹)</p> | 10.00 | 10.00 |
| <p>44 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)</p> | | |
| <p>a Guarantees given by Banks and counter Guaranteed by the Company</p> | - | - |
| <p>b On account of Letters of Credit issued by Bankers on behalf of the Company</p> | 0.13 | 0.47 |
| <p>c Claims against Company not acknowledged as debts being petition/ appeals pending before the Assessing Officer/ Commissioner of Income Tax (Appeals).</p> | 0.29 | 0.29 |
| <p>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.</p> | | |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|---|--------------------|--------------------|
| d In terms of the “Master Restructuring Agreement dated August 11, 2015 (“MRA”) entered into between SBI and CFL, with an effective date of March 31, 2011, SBI had extended concessional interest rate for the credit facilities sanctioned and has preferred a recompense claim against CFL vide the above stated agreement. The estimated contingent liability of the Recompense amount, as on 31st Mar’21, has been determined at Rs.56.19 Cr. This amount may be payable in future, based on profits and cash flows, in the manner to be determined between CFL and SBI. The exact modalities shall be detailed once the technical matters related to payment of agreed settlement amount reaches a finality between parties. | 56.19 | 56.19 |
| 45 Commitments (a) Capital commitments Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows: Property, plant and equipment | - | - |
| (b) Lease commitments Within one year Later than one year but not later than five years | 2.64 2.88 | 7.96 - |
| 46 In respect of amounts mentioned under section 125 of the Companies Act, 2013 there are no dues that are required to be transferred to Investor Education and Protection Fund as at March 31, 2023 (March 31, 2022 ₹ NIL) | - | - |
| 47 RELATED PARTY TRANSACTIONS | | |
| a Key Managerial Personnel: Mr. Vidyuth Rajagopal Mrs. Rama Rajagopal | | |
| b Relative of Key Managerial Personnel Mr. Venkatesh Rajagopal | | |
| c Enterprises under Control or Significant Influence of Key Managerial Personnel: M/s Indian Terrain Fashions Limited M/s Celebrity Connections | | |
| d Other Related Parties (Company Managed Funds) (i) Gratuity Fund of Celebrity Fashions Limited Celebrity Employees Group Gratuity Trust | | |
| e Transactions carried out with Related Parties during the Year | | |
| Key Managerial Personnel Managerial Remuneration - Mr. Vidyuth Rajagopal Managerial Remuneration - Mrs. Rama Rajagopal | 0.84 0.78 | 0.56 0.31 |
| | 1.62 | 0.86 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| Enterprises Under Same Management | | |
| M/s Indian Terrain Fashions Limited | | |
| Sales of Goods | 8.19 | 14.58 |
| Purchase of Goods | - | 0.04 |
| Rent Paid | 0.02 | 0.08 |
| M/s Celebrity Connections | | |
| | - | - |
| Other Related Parties (Company Managed Funds) | | |
| (i) Gratuity Fund of Celebrity Fashions Limited | | |
| Celebrity Employees Group Gratuity Trust | 1.22 | 0.83 |
| f Outstanding Balances | | |
| i | | |
| Payable as Managerial Remuneration - Mr Vidyuth Rajagopal | 0.16 | 0.18 |
| Payable as Managerial Remuneration - Mrs Rama Rajagopal | 0.07 | 0.07 |
| ii | | |
| Trade Receivable against Job work Charges and Material Transfers - Indian Terrain Fashions Limited | 4.40 | 7.68 |
| 48 DISCLOSURE AS PER REGULATION 34 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 | | |
| Loans and advances in the nature of loans given to Subsidiaries, Associates and Others | - | - |
| 49 EMPLOYEE BENEFIT PLAN - GRATUITY | | |
| The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. | | |
| Amount Recognized in the Balance Sheet in respect of gratuity | | |
| Present Value of Defined Benefit Obligation at the end of the Year | 5.59 | 5.60 |
| Fair Value of Plan Assets at the end of the Year | 0.53 | 0.50 |
| Net Liability / (Asset) | 5.06 | 5.10 |
| Amount Recognized in Profit and Loss Account in respect of gratuity | | |
| Current Service Cost | 1.38 | 0.59 |
| Past service cost | - | - |
| Interest on Defined Benefit Obligations | 0.38 | 0.20 |
| Interest on Plan Assets | (0.03) | (0.03) |
| Total | 1.73 | 0.76 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| Amount Recognized in Other comprehensive income in respect of gratuity | | |
| Net Actuarial (Gain) / Loss recognized during the Period | (0.55) | 2.46 |
| Actual Return on Plan Assets | | |
| Interest return on Plan Assets | (0.03) | (0.03) |
| Actuarial Gain / (Loss) on Plan Assets | (0.00) | (0.00) |
| Actual Return on Plan Assets | (0.03) | (0.04) |
| Reconciliation of present value of obligation and the fair value of the plan assets | | |
| Opening Defined Benefit Obligation | 5.60 | 3.23 |
| Current Service Cost | 1.38 | 0.59 |
| Past service cost | - | - |
| Interest Cost | 0.38 | 0.20 |
| Actuarial (Gain) / Loss on obligations | | |
| Actuarial (Gains) / Losses on Obligations due to change in demographic assumptions | 0.11 | 0.94 |
| Actuarial (Gain) / Loss on obligations due to changes in financial assumptions | (0.27) | 0.53 |
| Actuarial (Gain) / Loss on obligations due to experience adjustments | (0.38) | 0.98 |
| Benefits Paid | (1.22) | (0.88) |
| Closing Defined Benefit Obligation | 5.59 | 5.60 |
| Closing Fair Value of Plan Assets | | |
| Opening Fair Value of Plan Assets | 0.50 | 0.52 |
| Interest income on Plan Assets | 0.03 | 0.03 |
| Return in excess of interest income | (0.00) | (0.00) |
| Employer Contributions | 1.22 | 0.83 |
| Benefits Paid | (1.22) | (0.88) |
| Closing Fair Value of Plan Assets | 0.53 | 0.50 |
| Closing balances of Defined Benefit Obligation | | |
| Defined Benefit Obligation at the beginning of the Year | 5.60 | 3.23 |
| Interest Cost | 0.38 | 0.20 |
| Current Service Cost | 1.38 | 0.59 |
| Benefit Paid | (1.22) | (0.88) |
| Actuarial (gain) / loss on obligations | (0.55) | 2.46 |
| Liability at the end of the Year | 5.59 | 5.60 |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--|--|
| Closing balances of Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the Year | 0.50 | 0.52 |
| Expected Return on Plan Assets | 0.03 | 0.03 |
| Employer Contributions | 1.22 | 0.83 |
| Benefits Paid | (1.22) | (0.88) |
| Actuarial gain/(loss) on Plan Assets | (0.00) | (0.00) |
| Fair Value of Plan Assets at the end of the Year | 0.53 | 0.50 |
| Actual Return on plan assets | 0.03 | 0.03 |
| Investment Details of Plan Assets | | |
| Money Market Instruments | 0% | 0% |
| Assets under Insurance Schemes | 100% | 100% |
| Principal Actuarial Assumptions at the Balance Sheet Date | | |
| Discount Rate | 7.41% | 6.70% |
| Estimated Rate of Return on Plan Assets | 7.41% | 6.70% |
| Rate of Salary increase | 6.00% | 6.00% |
| Rate of employee turnover | 9.00% | 13.00% |
| Mortality rate during employment | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality 2012-14 (Urban) |
| 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. | | |
| Sensitivity Analysis | | |
| Projected Benefit Obligation on current assumptions | 5.59 | 5.60 |
| Decrease in obligation due to +1% change in discount rate | (0.35) | (0.29) |
| Increase in obligation due to -1% change discount rate | 0.39 | 0.32 |
| Increase in obligation due to +1% change in rate of salary increase | 0.39 | 0.32 |
| Decrease in obligation due to -1% change in rate of salary increase | (0.35) | (0.29) |
| Delta Effect of +1% Change in Rate of Employee Turnover | (0.01) | (0.02) |
| Delta Effect of -1% Change in Rate of Employee Turnover | 0.00 | 0.02 |

The Sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period holding all other assumptions constant

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|---|--------------------|--------------------|
| There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. | | |
| Maturity analysis of the the benefits from the fund | | |
| Within One year | 0.48 | 0.59 |
| Within two to five years | 2.17 | 2.60 |
| After five years to ten years | 2.85 | 2.56 |
| After ten years and above | 4.78 | 2.94 |

50 RATIO ANALYSIS AND ITS ELEMENTS

| Ratio | Numerator | Denominator | 31-Mar-23 | 31-Mar-22 | % Change | Reason for Variance |
|--|--|---|-----------|-----------|-------------|---------------------------|
| a) Current Ratio | Current Assets | Current Liabilities Excluding Lease Liabilities (accounted as per INDAS 116) | 1.16 | 1.11 | 4 | |
| b) Debt - Equity Ratio | Borrowings | Equity + Other Equity | 3.06 | 5.08 | (40) | #1 |
| c) Debt Service Coverage Ratio | EBDITA (Excluding Interest on Lease Liabilities) | Interest + Principal Repayments | 1.27 | 1.36 | (7) | |
| d) Return on Equity Ratio | PAT | Equity + Other Equity | 0.23 | 0.59 | (61) | #2 |
| e) Inventory Turnover Ratio | Cost of Goods Sold | Average Inventory | 2.43 | 3.10 | (22) | |
| f) Trade Receivables Turnover Ratio | Revenue from Operations | Average Trade Receivables | 7.26 | 5.37 | 35 | #3 |
| g) Trade Payables Turnover Ratio | Net Purchases | Average Trade Payables | 6.47 | 6.34 | 2 | |
| h) Net Capital Turnover Ratio | Revenue from Oper- ations | Average Working Capital | 25.54 | 31.99 | (20) | |
| i) Net Profit Ratio | PAT | Revenue from Operations | 0.02 | 0.03 | 37 | #4 |
| j) Return on Capital Employed | EBIT | Average Capital Employed | 0.25 | 0.30 | (15) | |
| k) Return on Investment | EBDITA | Average of Opening & Closing Total Assets | 0.12 | 0.13 | (8) | |

#1 The Net Equity has increased due to additional equity allotment and increased PAT.

#2 The equity has gone up by 4.61% and due to inflation around the globe has impacted our PAT.

#3 Turnover has gone up by 11% and receivables has come down.

#4 PAT has reduced due to abnormal inflation effect on the global market.

Ratios are worked out based industry norms and accordingly previous year ratios are reworked to make them comparable

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|--|--------------------|--------------------|
| 51 CORPORATE SOCIAL RESPONSIBILITY | | |
| PARTICULARS | | |
| a) Amount required to be spent by the company during the year | 0.05 | 0.00 |
| b) Amount of expenditure incurred | 0.05 | 0.00 |
| c) Shortfall at the end of the year | 0.00 | 0.00 |
| d) Total of previous years shortfall | 0.00 | 0.00 |
| e) Reason for shortfall | NA | NA |
| f) Details of related party transactions | 0.00 | 0.00 |
| Provision is not required with respect to a liability incurred as there is no contractual obligation. Nature of CSR activities : Health care, Education and women empowerment | | |
| 52 OTHERS | | |
| a Aggregate Expenses | | |
| Electricity Expenses included under Power and Fuel | 3.20 | 2.54 |
| b Earnings in Foreign Currency | | |
| Export of Goods - FOB Value | 335.69 | 304.60 |
| c Expenditure in Foreign Currency | | |
| Selling Commission & Consultancy Charges | - | - |
| Software Expenses | 0.40 | 0.28 |
| Travel | 0.17 | - |
| Claims | - | - |
| Spares | 0.01 | 0.02 |
| Testing Charges | 0.26 | 0.18 |
| Consultancy | 0.04 | 0.10 |
| d Value of Imports | | |
| Raw materials | 90.83 | 94.53 |
| Capital Goods | 1.17 | 0.05 |
| e Imported and Indigenous Consumption of Raw materials | | |
| Imported | | |
| ₹ In Crores | 90.53 | 86.69 |
| % to Total | 39.9% | 44.1% |
| Indigenous | | |
| ₹ In Crores | 136.61 | 110.10 |
| % to Total | 60.1% | 55.9% |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|---|--------------------|--------------------|
| 53 OTHER DISCLOSURES | | |
| a Foreign Exchange Differences Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account | - | 0.13 |
| b Previous year figures have been regrouped, reworked and reclassified wherever necessary to conform to current year classification. | | |
| c The Title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreement with MEPZ - SEZ has expired on 31-12-2022 Approval has been received from The Development Commissioner and Chariperson, MEPZ – Special Economic Zone, Chennai – 600045 for renewal of the lease from 01/01/2023 and the lease agreement are yet to be executed.) are held in the name of the Company. | | |
| d The Company has not granted Loans or Advances in the nature of loan to any promoters, Directors, KMPs and the related parties (As per Companies Act, 2013), which are repayable on demand or period of repayments. | | |
| e 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. | | |
| f The Company does not have any Benami property, no proceeding has been initiated or pending against the Company for holding any Benami property | | |
| g The Company does not have any transactions with companies struck off. | | |
| h The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period, | | |
| i The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year. | | |
| j The Company has sanctioned facilities from banks on the basis of security of current assets. The periodic returns filed by the Company with such banks are in agreement with the books of accounts of the Company except for quarter 1and quarter 2. The company has followed the instruction from bank and submitted the stock statement in value to the extent its eligible for Drawing power and however the differential quantities are declared separately under “Stock not Considered for DP” and disclose entire stocks in quantities in stock statement as per books of accounts. | | |
| k The Company has adhered to debt repayment and interest service obligations on time. “wilful defaulter” related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable. | | |
| l The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017. | | |
| m The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries | | |

| PARTICULARS | As at 31-Mar-23 | As at 31-Mar-22 |
|-------------|---|--------------------|
| n | The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: <ul style="list-style-type: none"> (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, | |
| o | The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961 | |
| p | The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses. | |

To be read with our report of even date

For and on Behalf of the Board

SRSV & Associates
Chartered Accountants
Registration # 015041S

Venkatesh Rajagopal
Chairman
DIN: 00003625

Vidyuth Rajagopal
Managing Director
DIN 07578471

V. Rajeswaran
Partner
Membership Number 020881

Chennai
19 May 2023

A. Rishi Kumar
Company Secretary
M.No: A42884

S Venkataraghavan
Chief Financial Officer

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 43432128