



Celebrity Fashions Limited

03rd September, 2014

Bombay Stock Exchange Ltd

PJ Towers

Dalal Street

Mumbai 400 023

National Stock Exchange of India Ltd

Exchange Plaza, 5th Floor, Plot No. C/1

G Block, Bandra-Kurla Complex,

Bandra (East), Mumbai 400 051

Dear Sirs,

Sub: Compliance of Clause 16 & 31(a) of the Listing Agreement

Ref.: Scrip Code – 532695 / CELEBRITY

We would like to inform you that the Board of Directors at their meeting held on 11th August 2014 had decided to convene the 25th Annual General Meeting of the Company on Monday the 29th day of September, 2014, at 2.30 P.M. at the Registered Office situated at SDF-IV & C2, III Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045

We would further like to inform that the Board of Directors in the aforesaid meeting had also decided to close the Register of members and Share Transfer books from Monday, the 22nd day of September 2014 to Monday the 29th day of September 2014 (both days inclusive) for the purpose of Annual General Meeting as per the requirements of clause 16 of the Listing Agreement.

We enclose herewith six copies of our Annual Report for the year 2013-2014 for your records.

Kindly take note of the above information and update your records.

Thanking you,

Yours faithfully,

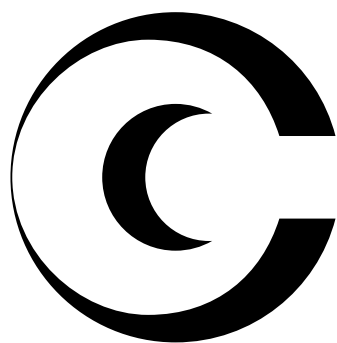
For **CELEBRITY FASHIONS LIMITED**



Company Secretary



Celebrity Fashions Limited



25th
ANNUAL REPORT 2013 - 2014

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BOARD OF DIRECTORS		
Mr. V. Rajagopal, Chairman		
Mr. Charath Ram Narsimhan, Managing Director		
Mrs. Rama Rajagopal, Director		
Mr. N.K. Ranganath, Independent Director		
Mrs. Nidhi Reddy, Independent Director		
Mr. P.S.Raman, Independent Director		
COMPANY SECRETARY		
Mr. K. Senthilkumar		
Management Team		
Mr. Selin Reubalin C. C	Executive VP - Operations	
Mrs. Visalakshi. L	VP – Finance & Accounts	
Mr. A.M. Gopinath	VP – Commercial	
Mr. W. Charlie Manickarayan	GM – Human Resources	
Mr. Sankaranarayanan. G	GM – Sourcing	
Mr. Martin Premkumar. A	GM - Technical	
Mr. Balaji. J	GM – Purchase	

REGISTERED OFFICE & CORPORATE OFFICE

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

NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of Celebrity Fashions Limited will held on 29th day, September 2014 at 2.30 P.M at the Registered Office of the Company Situated at SDF IV & C2 ,3RD MAIN ROAD, MEPZ/SEZ, Tambaram, Chennai-600 045 to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs.Rama Rajagopal (holding DIN 00003565), who retires by rotation and being eligible offers herself for re-appointment.
3. To re-appoint Statutory Auditors and to fix their remuneration and to pass the following resolution with or without modification(s) as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of section 139 & 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s Anil Nair & Associates, Chartered Accountants, Chennai (Firm Registration No 000175S) and M/s.CNGSN & Associates, Chartered Accountants, Chennai (Firm Registration No.004915S) , be and is hereby -appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 28th AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

4. Appointment of Mr.N.K.Ranganath as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of Sections 149 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.N.K.Ranganath (holding Din 00004044) be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years upto FY 2018- 2019 ."

5. Appointment of Mr.P.S.Raman as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of Sections 149 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.S.Raman (holding Din 00003606) be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years up to FY 2018- 2019 ."

6. Appointment of Mrs.Nidhi Reddy as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of Sections 149 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mrs.Nidhi Reddy (holding Din 00004081) be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years up to FY 2018- 2019 ."

7. Borrowing Powers:

To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the Extra Ordinary General Meeting of the Shareholders of the Company held on 28th September 2005 pursuant to Section 180 of the Companies Act,2013 and other provisions, if any as may be applicable from time to time, approval of members, be and is hereby accorded to the Board of Directors of the Company for borrowing money from time to time any sum or sums of moneys on such terms and conditions and with or without security at its discretion either from the company's bankers or from any other banks, financial institutions or

other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors for the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary course of business)will exceed the aggregate of the paid up capital of the company and its free reserves provided that the total amount up to which monies may be borrowed by the Company shall not exceed Rs.200 Crores (Rupees Two Hundred Crores only).

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this Resolution.

Date : 11th August 2014
Place : Chennai

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

NOTES:

1. A Member entitled to attend and vote in the above meeting is entitled to appoint a proxy to attend and vote instead of himself. Proxy need not be a member. Proxies in order to be effective should be lodged with the company at the registered office of the company at least 48 hours before the commencement of the meeting. Proxies submitted on behalf of the Companies, Societies and Partnership firms etc must be supported by appropriate resolution/authority as applicable, issued on behalf of the nominating organization.
2. Corporate members are requested to send a duly certified copy of the Board Resolution, authorizing their representative to attend and vote at the Annual General Meeting.
3. The members/proxies are requested to bring their copy of the Annual Report to the Meeting along with duly filled in Attendance Slips for attending the Meeting.
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
5. The Register of Members and the Share Transfer books of the Company will remain closed from Monday the 22nd September 2014 to Monday the 29th September 2014 (both days inclusive)
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment.
7. **IMPORTANT SHAREHODER COMMUNICATION:**

The Ministry of Corporate Affairs (MCA), Government of India has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliance by the Companies and has issued circulars stating that Annual Reports be sent to shareholders whose E-mail IDs are registered with us or the depositories. In case you are desirous of having a complete text of Annual Report 2013-14, you may write to us at investorservices@celebritygroup.com or at the registered Office of the Company. The Annual report of the Company can be accessed at www.celebritygroup.com in the investor section.

Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.

Electronic copy of the Notice of the 25th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 25th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

8. E-Voting:

In compliance of with section 108 of the Companies Act,2013 and relevant rules there under, the company is also required to conduct the voting process electronically.The Business to be transacted at the AGM may be transacted through electronic voting system and the company is providing the facility for voting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 22nd September,2014 and ends on 24th

September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details they should create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- 9. The e-voting period commences on 22nd September, 2014 (9:00 am) and ends on 24th September, 2014 (6:00 pm). 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 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- 10. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22nd August, 2014.
- 11. Mr. S.Bhaskar, Practicing Company Secretary (C.P.No.A8315) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- 12. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- 13. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.celebritygroup.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE & NSE Limited.
- 14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays & Sundays, up to and including the date of the Annual General Meeting of the Company..

Date : 11th August 2014
Place : Chennai

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

I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Mr.N.K.Ranganath, born on 13th March, 1956, is a mechanical engineer and holds a post graduate degree in Business Management from XLRI.

Mr.N.K.Ranganath is Managing Director of M/s.Grundfos Pumps India Private Limited. He had acquired valuable knowledge, experience and expertise in sales, marketing, finance, production and human resources disciplines.

Mr.N.K.Ranganath is a Non Executive Independent Director of the Company.

He joined the Board of Directors of the Company in 06th September 2005. Mr. N.K.Ranganath is Chairman of the Audit Committee and Stakeholders Relationship Committee and a member of the Nomination and Remuneration Committee of the Board of Directors of the Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the company.

In the opinion of the Board, Mr. N.K.Ranganath fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. N.K.Ranganath as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. N.K.Ranganath as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. N.K.Ranganath as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. N.K.Ranganath, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.5

Mr.P.S.Raman, born on 07th November, 1960, holds bachelor degree in commerce and Law. He is a Senior Advocate with more than two decades of practice in Madras High Court and in the Supreme Court.

During the years of practice, he has gained valuable knowledge, experience and expertise in the field of Law.

Mr.P.S.Raman is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in 10th January 2013. Mr. P.S.Raman is a member of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the company.

In the opinion of the Board, Mr. P.S.Raman fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr.P.S.Raman as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.P.S.Raman as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. P.S.Raman as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.P.S.Raman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.6

Mrs.Nidhi Reddy, born on 13th April,1956, holds a Master Degree in Economics from Delhi School of Economics and a Post Graduate Diploma in Personnel Management and Industrial Relations from XLRI.

Mrs. Nidhi Reddy is the sole Proprietor of Nidhi Reddy Consultants. She specializes in the field of Human Resource Management, Behavioral Training and Recruitment.

Mrs.Nidhi Reddy is a Non Executive Independent Director of the Company. She joined the Board of Directors of the Company in 06th September 2005. Mrs. Nidhi Reddy is Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. She does not hold by herself or for any other person on a beneficial basis, any shares in the company.

In the opinion of the Board, Mrs.Nidhi Reddy fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mrs.Nidhi Reddy as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during

normal business hours on any working day.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Nidhi Reddy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs.Nidhi Reddy as an Independent Director, for the approval by the shareholders of the Company.

Except Mrs.Nidhi Reddy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.7

The members of the Company at their Extra Ordinary General Meeting held on September 28, 2005 had approved by way of an Ordinary Resolution under Section 293(1)(d) read with Section 293 (1)(a) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of 200 Crores (Rupees Two Hundred crores)

Section 180 of the Companies Act, 2013 effective from September 12, 2013 requires that consent of the company accorded by way of a special resolution is required to borrow money in excess of the company's paid up share capital and free reserves. Further, as per the clarification issued by the Ministry of Corporate Affairs approval granted by the shareholders by way of an ordinary resolution shall be valid for one year from the date Section 180 became effective. Thus, the approval granted by members is valid up to 11th September, 2014.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180 and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice.

The Board recommends this resolution for approval by the members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Date : 11th August 2014
Place : Chennai

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

DIRECTORS REPORT

Dear Shareholders,

Your Directors hereby present the 25th Annual Report along with the audited statements of the Company for the year ended 31st March 2014.

	FY 2013-14	FY 2013-14
Revenue From operations	235.31	186.37
Gross Profit / (Loss) before interest and depreciation	10.36	6.26
Interest	6.92	4.35
Profit / (Loss) before depreciation and tax	3.44	1.91
Depreciation	5.07	6.59
Profit / (Loss) before Extra-Ordinary Income	(1.63)	(4.68)
Extra-Ordinary Income	9.97	-
Profit / (Loss) before tax	8.34	(4.68)
Provision for Taxation		
Profit / (Loss) after tax	8.34	(4.68)
Balance brought forward from previous year	(70.10)	(65.42)
Balance carried to Balance Sheet	(61.76)	(70.10)

Indian Export Performance saw tremendous rebound in textile exports. The exports of garments from India have grown by 15.5% year on year to USD 14.94 bn in FY 2013-14 according to sources.

Improving textile and apparel demand from large markets and benefit accruing from a falling rupee have improved the performance of garment exporters. Rupee depreciation improved the competitiveness of Indian exporters in global textile trade mainly over China, Bangladesh and Vietnam. Sri Lanka is emerging as a competitor with an edge in currency competitiveness. Rupee depreciated the most during June to September 2013 against US Dollar and remained the most volatile. But the currency gains were partly offset by continued high inflation and bargain hunting by overseas buyers.

Your Company recorded total revenues of Rs.235 crs for the financial year ending 31st March 2014 as compared to Rs.186 crs previous year. The operating margins were at Rs.10.36 crs as compared to Rs.6.26 crs last year. The increase in revenues and incremental realisation on account of depreciation of INR against US Dollar contributed to incremental margins during the year under review.

The loss before extra-ordinary gain was at Rs.1.63 crs as compared to Rs.4.68 crs previous year. During the year, your company had an extra-ordinary gain of Rs.9.97 crs being the gain on settlement of dues with one of the banks under One-Time Settlement Scheme. The net profits after extra-ordinary income stood at Rs.8.34 crs during the year under review.

Finance and Accounts

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

The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act 1956.

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

State Bank of India sanctioned a Re-structuring Package to the Company vide its Sanction Letter dated 16th November 2012. The package included Conversion of portion of Term loans into Equity and 1% Cumulative Redeemable Preference Shares, re-scheduling of Term loan repayments and interest concessions.

SBI converted Rs.7.47 crs of Term loans into Equity Shares and Rs.25.10 crs of Term loans into 1% Cumulative Redeemable Preference Shares during September / October 2013.

HDFC Bank opted for a One-Time Settlement (OTS) of dues; accordingly the Company settled the dues of HDFC Bank under OTS and the net gain of Rs.9.97 crs upon settlement has been recognized under extra-ordinary income in the Statement of Profit and Loss.

The Draft Rehabilitation Scheme is pending for approval before Honorable BIFR.

The net worth of the Company as on 31st March 2014 has turned positive under the

provisions of Sick Industries Companies Act.

The Accounts of the Company have been prepared on the basis of 'going concern concept'. Your Company's Management Team constantly strives to mitigate the problems, improve the financial health of the Company by controlling the losses and the Company foresees strong signs of revival.

Share Capital

The Company issued 74,69,100 Equity Shares of Rs.10/- each to State Bank of India (SBI) pursuant to conversion of Term loans during September 2013. During the same period the Company issued 2,51,04,500 1% Cumulative Redeemable Preference Shares of Rs.10/- each to SBI against conversion of Term loans into Preference Shares.

The above conversion was in accordance with the Rehabilitation Scheme sanctioned by SBI to your Company.

State Bank of India, in its Sanction letter dated 16th November 2012 has stipulated that Promoters should cause equity infusion of Rs.7 crs in phases toward their contribution.

The first tranche of Rs.3.50 crs was received during the FY 2012-13 and your Company was in receipt of the balance Rs.3.50 crs during February/March 2014.

The Company made preferential allotment of 1,50,000 Equity Shares at the face value of Rs.10/- per share to the promoter, Mr. V. Rajagopal and 33,50,000 Equity Shares at the face value of Rs.10/- per share to M/s Leman Diversified Fund, a Foreign Institutional Investor during March 2014 towards their contribution to Equity.

Further the Promoters / Directors had infused funds towards the One-Time Settlement of dues with HDFC Bank. The Company made preferential allotment of 13,50,000 Equity Shares at the face value of Rs.10/- per share to the promoter, Mr. V. Rajagopal and 10,00,000 Equity Shares at the face value of Rs.10/- per share to the Managing Director, Mr. Charath Ram Narsimhan towards their contribution to Equity.

The above preferential allotments were approved by the Shareholders in the Extra-Ordinary General Meeting held in March 2014.

Consequent to the above, the Equity Share Capital of the Company increased by Rs.13.32 crs and the Preference Share Capital increased by Rs.25.10 crs

Dividend

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

Personnel

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

Directors

During the year under review, BIFR inducted Mr. Ramji Sinha as a Special Director of the Company.

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

Auditors

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

Cost Auditor

Pursuant to the provisions under Section 233B of the Companies Act, 1956 your Company has appointed M/s. Rafiq & Associates, as Cost Auditor of your Company for the financial year 2014-15.

Corporate Governance Report and Management Discussion and Analysis Statement

A report on Corporate Governance is attached to this Report as also a Management Discussion and Analysis statement.

Particulars as per Section 217 of the Companies Act, 1956

- Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 and based on the representations received, your Directors hereby confirm that:
 - In the preparation of the Annual Accounts for the year ended 31st March 2014, the applicable Accounting Standards have been followed and there are no material departures;
 - The Directors have selected such 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 at the end of the financial year and of the profit or loss of the Company for that period;
 - The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act,

- 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the Annual Accounts on a going concern basis.
- B) During the year under review, there were no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.
- C) The information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given below:
- i. **Conservation of Energy:**
The operations of the Company are not energy-intensive. However, wherever possible, the Company strives to curtail the consumption of energy on a continuing basis.
- ii. Technology absorption:
Not applicable.
- iii. Foreign Exchange Earning and Outgo:
- | | |
|---|---------------|
| Total Foreign exchange earned (FOB Value) | Rs.186.12 crs |
| Total Foreign exchange outgo | Rs. 76.18 crs |

Appreciation

The Directors are sincerely thankful to you – the esteemed shareholders, customers, business partners and State Bank of India for the faith reposed and valuable support provided by them in the Company and its Management. The Directors wish to place on record the co-operation extended and the solidarity shown by the employees in assisting the organization to control its losses and contributing for a good turnaround.

Dated : 5th May 2014
Place : Chennai

For and on Behalf of the Board
V. Rajagopal
Chairman

"GROUP COMING WITHIN THE DEFINITION OF GROUP AS DEFINED IN THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969."

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

The above disclosure has been made inter alia for the purpose of Regulation 3(1)(e) of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Dated : 5th May 2014
Place : Chennai

For Celebrity Fashions Limited
Charath Ram Narsimhan
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS – 31ST MARCH 2014

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

Global Overview

Over all the global economy has witnessed weak growth. Weak growth isn't just a problem for industrialized economies. Emerging economies are finding it increasingly difficult to maintain the pace of economic expansion they've recorded over the past decade. Higher borrowing costs are also putting the brakes on output, as the U.S. Federal Reserve moves toward the exit from its easy money policies, signaling an end ahead for the era of low-cost loans.

The prospect for rising interest rates is making investors re-examine whether emerging markets can sustain the growth necessary to pay off their debts, especially where they may have relied too much on credit. Slowing output combined with higher interest rates could spur defaults on corporate debt and other loans.

Combined with political tensions in Ukraine, Turkey and other emerging economies, those prospects have fueled several bouts of market volatility as investors pulled their cash out of questionable economies in droves.

In some countries, authorities have been able to assuage investors, although that may only be a temporary respite, the IMF said. India's central bank's boosted rates

to contain inflation and allowed the rupee to depreciate to spur exports. If lawmakers don't deliver on promised changes to make the economy more competitive, however, investor confidence there may sour again.

Other countries aren't faring as well. Brazil's central bank is struggling to control rising prices and investors aren't convinced the government is doing enough to restructure the economy. The IMF downgraded the country's 2014 forecast by half a percentage point to 1.8%.

That economic adjustment is complicated by the number of countries facing national election cycles, when it's harder for politicians to take steps many economists say are needed to promote stronger long-term growth.

Although the IMF kept its growth forecast for China at 7.5% for the year, it also indicated the world's second-largest economy could slow more than expected, as authorities tackle the country's borrowing problems. The IMF said China needs to do more to rein in credit growth to prevent a buildup of bad loans, even if it means lower growth than currently forecast.

The International Monetary Fund trimmed its outlook for global economic growth, as anemic output in Europe and Japan hobble the recovery and emerging markets struggle with rising borrowing costs.

The fund forecast that the world economy will expand 3.6% this year. That marked a slight downgrade from its 3.7% estimate in January, but would be stronger than last year's 3% expansion. It comes amid a darker outlook for key emerging markets such as Russia, Brazil and South Africa, despite healthier recoveries in the U.S., Germany and the U.K.

The U.S. growth of 2.8% this year should help perk up prospects for many emerging markets, where output is slowing

Indian Industrial overview

Readymade garment exports were up by 9.40per cent in March and 15.58per cent in 2013-14, thereby registering a stellar growth during the year. The weakening of the rupee has also boosted garment-manufacturing companies. Interestingly, the recovery in the US and European markets will continue to help garment-manufacturing companies

But it is companies who are into production of raw materials, especially yarn besides production and export of garments which have recorded a higher growth in revenues. Not only exports but India's textile production increased 4.6 percent in April-February 2013-14 even as the index of industrial production dropped by 0.1 per cent.

A large number of textiles exporters are facing a huge financial crunch due to substantial delay in getting duty drawback since the last five months from all the major ports. Drawback claims remain pending since September 2013 despite persistent follow up efforts made by the exporters, thereby, adversely affecting cash flows.

Opportunities and Threats

Strength

India is today recognized as one of the best sourcing destinations for garments, textiles, accessories and finish: It provides a perfect blend of fashion, design, quality, patterns, textures, colors and finish. Manufacturers here are ready to innovate, be flexible on quantities, have hands-on approach to quality control and keep the integrity on deadlines.

Labor is skilled and economical while process are highly without taking away from the quality of the final product. Amazing technological developments, superior design capabilities and companies that provide integrated logistic solutions are other highly prized support systems that the industry thrives on.

Combined with these manmade assets are the country's natural assets which play a large role in boosting the garment industry- by providing raw materials of world class quality. Here are some of India's natural leverages that the industry uses to its full advantage: India the largest producer of Jute the second largest producer of cotton, silk and cellulosic fiber, the third largest producer of raw cotton and the fourth largest producer of synthetic fiber.

Weakness

Exporters may find it challenging to manage liquidity in FY15 amid increasing volumes coupled with a long working capital cycle and the consequent higher use of working capital limits - a characteristic of the textile business.

It is to be noted that India's position in global arena is on a shaky platform as it is facing tough competition from its neighboring countries such as China & Bangladesh. Talking about these three Asian countries the labor in Bangladesh is cheapest and India's labor is costliest. China is technologically more advance than India and Bangladesh and in terms of fabric especially silk, Bangladesh is the leader. The fuel prices in India are the highest among these countries. China is the leader in exports with more than 40% market share. From the above point it can clearly be inferred that India is not in a leading position and will have to toil to reap success.

Risks and Concerns

Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause decline in our performance.

The economic environment, pricing pressure and decreased capacity utilization rates could negatively impact our revenues and operating results.

Our revenues are highly dependant on clients primarily located in US & EU. An economic slowdown or other factors that affect the economic health of the US & EU may affect our business.

Our net income may get reduced if Government of India slashes the subsidies given. Changes in the policies of the Government of India or political instability could delay the further liberalization of Indian economy, which could impact our business prospects.

Our failure to complete the orders in agreed time frame may negatively affect our profitability. Our client contracts are often conditioned on our performance, which, if unsatisfactory, could result in lesser revenues.

Outlook

The Gross Domestic Product (GDP) growth for FY 15 is predicted at 5.6 percent. Although the worst appears to be over, it is unlikely that the Indian economy will migrate to a high growth phase of around 9 percent over the next two-to-three years. It is believed that the economy, at this point of time, is delicately balanced and requires a serious policy push to return on the high growth path.

The economic recovery in key markets – the US and eurozone - would continue to drive the order book of exporters in FY15. Export sales have also improved as garment manufacturers have tapped new geographies such as Middle East, Latin America, Japan, Russia and Australia. Most exporters are running on full capacity and also outsourcing manufacturing on a job work basis as order books are growing. Continuing rupee depreciation and India's improving position as a preferred supplier for value-added garments would aid continued growth in exports during FY15.

Internal Control Systems and their Adequacy

The Company has developed adequate internal control system commensurate to its size and business to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. The internal audit reports are periodically reviewed by the Management together with the Audit Committee of the Board. The Company has a strong Management Information System as a part of Control Mechanism.

Risk Management

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

The Company is exposed to the following risks:

Foreign Exchange Risk

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

Interest Rate Risk

The Interest rate regime was continuously on the hike mode for the past several quarters. Now the interest rates are expected to soften. The Company's Banks have sanctioned a re-structuring package wherein the interest rates on term loans are at concessional levels. However the Banks reserves the right of recompense and the compensation will cover the entire amount of sacrifice and concessions in rates of interest of all facilities.

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

Financial Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India.

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

Highlights

Rs. In Crores

	2013-2014	2012-2013
Income From operations	235.31	187.24
PBIDT	10.36	6.26
Interest	6.92	4.35
PBDT	3.44	1.91
Depreciation	5.07	6.59
Profit/ (Loss) Before Tax'	(1.63)	(4.68)
Extra Ordinary Income	9.97	-
Provision for Taxation	-	-
Net Profit / (Loss) after Tax	8.34	(4.68)

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. The Company had around 5000 employees as on 31st March 2014.

Cautionary Statement

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

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Corporate Governance

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

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

BOARD OF DIRECTORS

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

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

Composition of the Board

The Board has constituted in the manner, which will result in an appropriate mix of Executive / non executive independent directors to ensure proper governance and Management.

During the financial year ended 2013-14, the Board consisted of Six Directors. Mr.V.Rajagopal is the Chairman and Mr. Charath Ram Narsihman is a Managing Director and Mrs. Rama Rajgopal, Director. Three Directors viz., Mr. N.K. Ranganath, Mr. P.S. Raman and Mrs.Nidhi Reddy are non executive Independent Directors.

Mr.Ramji sinha was appointed by BIFR as a Special Director in june 2013.

Board Meetings

During the financial year 2013-14, the Board met 6 times on 03.05.2013, 09.08.2013, 24.09.2013, 09.11.2013, 12.02.2014 and 27.03.2014.

Details of attendance of each director at the Board Meetings and in the last Annual

General Meeting and number of directorships / committee memberships held by them as on 31st March 2014 are as follows:

Name of the Director	Category	Attendance at the Board Meetings	Attendance at the Last AGM	Number of other Director ships held**	Other Committee Membership***	
					Member	Chairman
Mr. V. Rajagopal Chairman	Executive / Promoter	6/6	No	2	-	-
Mrs. Rama Rajagopal Executive Director	Executive / Promoter	6/6	Yes	2	-	-
Mr. Charath Ram Narsimhan Managing Director	Executive	6/6	Yes	1	2	-
Mr. P.S. Raman Director	Independent Non Executive	1/6	No	1	1	-
Mr. N.K. Ranganath Director	Independent Non Executive	5/6	No	3	1	2
Mrs. Nidhi Reddy Director	Independent Non Executive	1/6	No	-	2	1

Access to information and updation to Directors

The required information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews significant strategic, financial, operational and compliance matters in the meeting.

COMMITTEES OF THE BOARD

The Board in order to be effective had constituted an Audit Committee, a Shareholder / Investor Grievance Committee and a Remuneration and Compensation Committee.

AUDIT COMMITTEE

The Audit Committee plays an important role in financial reporting of performance and review of internal control procedure.

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

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

The Committee met 4 times on 03.05.2013, 09.08.2013, 09.11.2013 and 12.02.2014 during the financial year ended 31st March 2014.

REMUNERATION AND COMPENSATION COMMITTEE

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

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

During the year ended 31st March 2014, the Remuneration and Compensation Committee met once on 03rd May, 2013.

Remuneration Policy

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

Remuneration to Directors

The Non executive directors do not draw any remuneration from the Company other than the sitting fees for attending each meeting of the Board and committees thereof. The Company pays sitting fees of Rs. 2,500/- to all the non-executive directors for attending each meeting of the Board and Rs. 1,500/- for each meeting of its committee thereof which is within the limits prescribed under the Companies Act, 1956.

During the financial year 2013-14, the sitting fee paid to Non - Executive Directors were as under:

Name of the Director	Sitting Fees (includes the fees paid for Committee Meetings) Rs.
Mr. P.S. Raman	5,500
Mr. N.K. Ranganath	21,500
Mrs. Nidhi Reddy	7,000
Mr. Ramji Sinha	5,000

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

The Company pays remuneration by way of Salary, perquisites and allowances to the Chairman and Managing Director. Details of the remuneration and perquisites paid to the whole time directors are as under:

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

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

Shareholders/Investors Grievance Committee

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

The Committee consists of three members Mr. Ranganath, Non executive independent director as its Chairman, Ms. Nidhi Reddy and Mr. Charath Ram Narsimhan as its members. During the year, there was no meeting held.

The Company received no complaint during the year and no complaints pending to be resolved as on 31st March 2014.

During the year ended 31st March 2014, the shareholders/Investors Grievance Committee met once on 12th February 2014.

General Body Meetings

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

Financial year	Day and Date	Time	Venue
2012-13	Monday, 23rd September 2013	3.00 P.M	Registered Office, SDF- IV & C 2, 3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2011-12	Monday, 17th September 2012	3.00 P.M	Registered Office, SDF- IV & C 2, 3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2010- 11	Wednesday, 28th September, 2011	10.30 A.M	Registered Office, SDF- IV & C 2, 3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.

The following special resolutions were passed by the members during the last 3 annual general meetings and Extra ordinary General Meetings:

EGM held on 18th March 2014

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

EGM held on 10th October 2012

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

AGM held on 23.09.2013

Special Resolutions passed :

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

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 2014. The annual report contains a declaration to this effect signed by the Chairman & Company Secretary as Compliance Officer of the Code.

The Company has also framed a Code of Conduct for prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all directors/officers and designated employees of the company. The code regulates dealing in shares by the persons having access to the unpublished price sensitive information.

CEO/ CFO CERTIFICATION

CEO and CFO have given the certificate as given in Clause 49 of the Listing Agreement.

DISCLOSURES

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

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

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

The company has not adopted the whistle blower mechanism, as it is a non-mandatory requirement

Means of Communication

The quarterly and half-yearly / annual financial results are communicated to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed, as soon as they are approved and taken on record by the Board of Directors. The financial results are published in English Newspaper having all India Edition and in Tamil newspaper.

GENERAL SHAREHOLDERS INFORMATION

Financial Year

1st April to 31st March

Annual General Meeting and Date of Book Closure

This Corporate Governance Report was taken on record by the Board in their meeting held on 05th May 2014. The date and venue of the Annual General Meeting was not finalized in the Board Meeting. Hence the details as to the Schedule of Annual General Meeting and the dates of Book Closure have not been provided.

Listing on Stock Exchanges

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Stock Code: "532695"

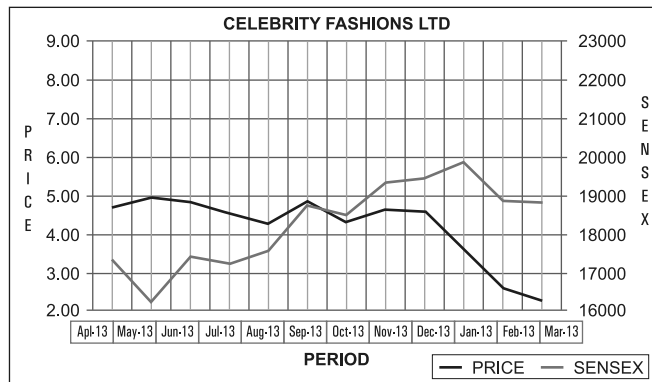
National Stock Exchange of India Limited
Exchange Plaza, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
Stock Code: "CELEBRITY"

Market Price data

(Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-13	2.46	2.02	3,173	2.60	2.40	101
May-13	4.71	2.15	1,35,392	0.00	0.00	0
Jun-13	4.98	3.25	52,657	0.00	0.00	0
Jul-13	8.79	5.2	1,96,172	0.00	0.00	0
Aug-13	5.82	4	21,612	0.00	0.00	0
Sep-13	4.72	3.56	30,085	0.00	0.00	0
Oct-13	4.41	3.56	17,812	0.00	0.00	0
Nov-13	4.85	3.73	43,666	0.00	0.00	0
Dec-13	4.5	3.25	18,491	0.00	0.00	0
Jan-14	4.44	3.51	23,063	4.60	3.60	4970
Feb-14	5.9	3.55	72,103	5.80	3.65	3701
Mar-14	7.64	4.35	93,677	7.40	4.35	1448

Celebrity Fashions Limited Share Price Performance in comparison with BSE Sensex



Registrar and Share Transfer Agents

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

M/s. Link Intime India Private Limited
C - 13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W),
Mumbai 400 078
Tel: + 91 22 2596 3838
Fax : + 91 22 2596 2691
Website : www.linkintime.co.in
E-mail : celebrityfashions@linkintime.com

Share Transfer System

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

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

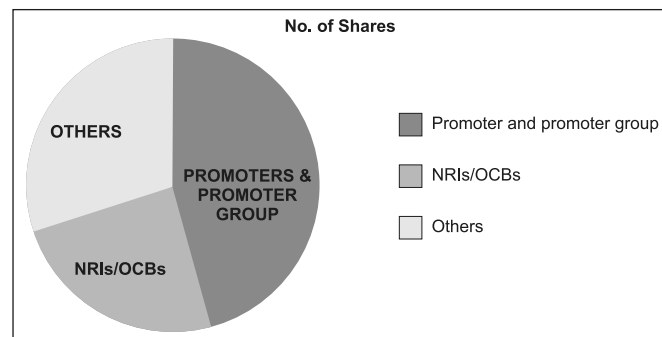
Distribution of Shareholding:

Distribution of Shareholding as on 31st March 2014 is as under:

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
1-500	1244967	12449670	4.08	12043	89.73
501-1000	540426	5404260	1.77	673	5.01
1001-2000	554852	5548520	1.82	366	2.73
2001-3000	294954	2949540	0.97	116	0.86
3001-4000	186218	1862180	0.61	53	0.39
4001-5000	236507	2365070	0.78	50	0.37
5001-10000	411975	4119750	1.35	59	0.44
Greater than 10001	27033866	270338660	88.62	61	0.46
TOTAL	30503765	305037650	100.0000	13421	100.0

Shareholding Pattern as on 31st March 2014

Category	No. of Shares	Percentage
Promoter and promoter group		
Promoter and promoter group	10543796	34.56
Sub Total	10543796	34.56
NRIs/OCBs		
Foreign Company	3400000	11.15
Foreign Nationals		
Foreign Institutional Investor	2100000	6.88
Non Resident Indians	52246	0.17
Sub Total	5552246	18.20
Others		
Clearing Members	37562	0.12
Financial Institutions/Banks	7469100	24.49
Private Corporate Bodies	2593918	8.50
Public	4307143	14.13
Sub Total	14407723	47.24
Total	30503765	100.00

Graphical Representation of the Shareholding pattern

Dematerialisation of Shares and liquidity

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

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

As at 31st March 2014, 30503765 Equity shares aggregating to 99.99% were held in dematerialized form.

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments up to the financial year 2013 – 14.

Plant Locations

- Plot C2, Survey Nos. 24, 25 and 54, Phase II, MEPZ – SEZ, Tambaram, Chennai - 600045.
- No.208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai – 601302
- No.72/1 and 72/2, Senneerkuppam Village, Poonamallee Bypass Road, Poonamallee, Chennai – 600 056

Address for correspondence

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

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members

Celebrity Fashions Limited

We have examined the Compliance of conditions of Corporate Governance by Celebrity Fashions Limited for the year ended on 31st March 2014, as stipulated in clause 49 of the listing agreement of the said Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For CNGSN & Associates
Chartered Accountants

C.N. Gangadaran
Partner

Membership No.11205
F.R.No.004915S

Dated : 5th May 2014

Place : Chennai

INDEPENDENT AUDITOR'S REPORT

To the Members of Celebrity Fashions Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Celebrity Fashions Limited ("the Company"), which comprise the balance sheet as at March 31, 2014, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;

- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 26 of Financial Statements which details the erosion of more than 50% of the net worth of the Company due to accumulated losses. We have evaluated the appropriateness of the 'going concern' concept in accordance with SA-570, based on such evaluation, in our opinion and on the basis of the information and explanations given to us, we report that we have obtained sufficient evidence to establish the continuance of the Company as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956 we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the balance sheet, statement of profit and loss and cash flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. ; and
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

G. ANIL
Partner
Membership Number 22450

Dated : 5th May 2014
Place : Chennai

for **CNGSN & ASSOCIATES**
Chartered Accountants
Firm Registration Number 004915S

C.N. GANGADARAN
Partner
Membership Number 11205

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Celebrity Fashions Limited ("the Company") for the year ended March 31, 2014. We report that:

1. In respect of its Fixed Assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets of the Company have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. In accordance with the phased programme of verification, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed of during the year do not constitute a substantial part of the fixed assets of the Company and such disposal, in our opinion has not affected the going concern status of the Company.
2. In respect of its inventories :
 - a. The inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained

to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
 - a. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
 - b. The Company has taken an unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956, The maximum amount outstanding during year was ₹ 2.65 crores and the yearend balance of such loan outstanding was ₹ Nil.
 - c. In our opinion and according to the information and explanations given to us the loan taken was non-interest bearing, unsecured and the other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d. The loan availed by the Company was repayable on demand and are non interest bearing. As at the year end the said loan has been fully repaid by the Company and hence in our opinion no comments are called for.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets, inventory and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
5. In respect of contracts or arrangements referred to in section 301 of Companies Act, 1956
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. in our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5 lakh in respect of each party during the year have been made at prices which appear reasonable having regard to the prevailing market prices at the relevant time, as per information available with the Company.
6. According to the information and explanations given to us the Company has not accepted any deposits from the public. Therefore the provisions of Clause (vi) of paragraph 4 of the Order (as amended) are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - a. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees State Insurance Scheme, Income Tax, Service Tax, Customs Duty and other material statutory dues as applicable, have during the year been regularly deposited by the Company with the appropriate authorities.
 - b. According to the information and explanations given to us, except for Service Tax payable amounting to ₹436,233/- no undisputed amounts payable in respect of Provident Fund, Employees State Insurance Scheme, Income Tax, Excise Duty, Customs Duty and other material statutory dues were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us, the disputed statutory dues aggregating to ₹29.03 lakhs that has not been deposited on account of matters pending before the appropriate authorities are as under:-

Name of the Statute	Nature of Dues	Period to which the amount relates	Forum Where the dispute is pending	Amount (in ₹.)
Income Tax Act, 1961	Income Tax Demand	2003-2004	Pending before the Assessing Officer	5,26,669*
Income Tax Act, 1961	Income Tax Demand	2004-2005	Pending before the Assessing Officer	9,61,087*
Income Tax Act, 1961	Fringe Benefit Tax Demand	2007-2008	Pending for rectification before the Assessing Officer	6,99,860
Income Tax Act, 1961	Fringe Benefit Tax Demand	2008-2009	Pending for rectification before the Assessing Officer	6,01,600
Income Tax Act, 1961	Income Tax Demand	2011-2012	Pending for rectification before the Assessing Officer and appeal before the Commissioner of Income Tax Appeals, Chennai	1,14,652
			Total	29,03,868

* Relating to Income Tax dues of partnership firm Celebrity Connections

10. The accumulated losses of the Company are in excess of 50% of the net worth of the Company as at the end of the financial year covered by our audit. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year. The Board for Industrial and Financial Reconstruction (BIFR) has declared the Company as a sick industrial company under section 3(1)(o) of Sick Industrial Companies Act, vide its order dated 19th April 2011.
11. Based on our audit procedures and according to the information and explanations given to us, the Company has delayed beyond the stipulated dates the repayment of dues and payment of interest in respect of term loans availed from HDFC Bank Ltd., amounting to ₹ 2.51 crores and ₹ 2.57 crores respectively. While repayment of principal is pending since February 2012, interest remained unpaid since February 2011. During the year the said delays have been regularised and as at March 31, 2014 there were no dues to HDFC Bank Ltd. (Refer Note 4 and Note 26 to the Notes on Accounts)

The Company has also delayed beyond the stipulated dates the payment of interest on term loans and working capital loans availed from State Bank of India since August 2012. During the year under review the payment of interest to State Bank of India was regularised and as at year end there were no overdue amounts. Necessary approvals for rescheduling/restructuring of repayments have been obtained from State Bank of India.

12. According to the information and explanations given to us, and based on the records and documents produced before us, The Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. In our opinion and to the best of our information and according to the explanations provided by the management, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order 2003 (as amended) do not apply to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on a short term basis have not been used for long term investments.
18. The Company has during the year made preferential allotment of shares to parties, covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the price at which shares have been issued is not prejudicial to the interest of the Company.
19. The Company did not have any outstanding debentures during the period.
20. The Company has not raised any money by way of public issue during the period. Hence in our opinion Clause 4(xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, and as per the information and explanations given to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

G. ANIL
Partner
Membership Number 22450

Dated : 5th May 2014
Place : Chennai

for **CNGSN & ASSOCIATES**
Chartered Accountants
Firm Registration Number 004915S

C.N. GANGADARAN
Partner
Membership Number 11205

Balance Sheet as at 31st March 2014

₹. In Crores

Particulars	Note No.	As at 31-Mar-14	As at 31-Mar-13
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	2	61.45	23.03
(b) Reserves and Surplus	3	(59.71)	(68.05)
		1.74	(45.02)
2 Non-Current Liabilities			
(a) Long-term borrowings	4	41.98	104.95
(b) Deferred tax liabilities (Net)	5	-	-
(c) Other Long-term liabilities	6	0.82	2.32
		42.80	107.27
3 Current Liabilities			
(a) Short-term borrowings	7	32.06	33.07
(b) Trade payables	8	37.03	21.46
(c) Other current liabilities	9	23.28	15.46
(d) Short-term provisions	10	2.86	3.74
		95.23	73.73
Total		139.77	135.98
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible assets		65.20	69.08
(ii) Intangible assets		0.21	0.22
		65.41	69.30
(b) Non-Current Investments	12	0.05	0.05
(c) Long-term loans and advances	13	2.87	2.96
(d) Other non-current assets	14	3.14	4.08
		71.47	76.39
2 Current Assets			
(a) Current Investments		-	-
(b) Inventories	15	24.18	15.37
(c) Trade receivables	16	35.12	35.21
(d) Cash and Bank Balances	17	2.81	4.66
(e) Short-term loans and advances	18	5.34	3.65
(f) Other current assets	19	0.85	0.70
		68.30	59.59
Total		139.77	135.98

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

1

For Anil Nair & Associates
Chartered Accountants
Registration # 000175S

For CNGSN & Associates
Chartered Accountants
Registration # 004915S

For and on Behalf of the Board
V. Rajagopal
Chairman

G.Anil
Partner
Membership # 22450

C.N.Gangadaran
Partner
Membership # 11205

Charath Ram Narsimhan
Managing Director

Chennai, 05 May, 2014

K. Senthilkumar
Company Secretary

Statement of Profit and Loss for the Year Ended 31st March 2014

₹. In Crores (except per share data)

Particulars	Note No.	for the year ended 31-Mar-14	for the year ended 31-Mar-13
I Revenue from Operations (gross)	20	235.31	187.24
Less: Excise Duty		-	0.87
Revenue from Operations (net)		235.31	186.37
II Other Income	21	1.36	2.96
Total Revenues		236.67	189.33
III Expenses			
a Cost of Materials	22	142.24	104.47
b Purchases of Traded Goods		-	-
c Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec		(4.42)	6.33
d Employee Benefit Expenses	23	48.18	39.92
e Other Expenses	24	40.31	32.35
		226.31	183.07
IV Earnings before Interest, Depreciation and Tax		10.36	6.26
f Finance Costs	25	6.92	4.35
g Depreciation		5.07	6.59
Total Expenses		11.99	10.94
V Profit / (Loss) before Tax before Extra-Ordinary Income		(1.63)	(4.68)
VI Extra-Ordinary Income			
Gain under One-Time Settlement Scheme with HDFC Bank		9.97	-
VII Profit / (Loss) before Tax after Extra-Ordinary Income		8.34	(4.68)
VIII Tax Expenses			
a Current Tax Expense		-	-
b Deferred Tax		-	-
		-	-
IX Profit / (Loss) for the Period		8.34	(4.68)
X Earnings Per Share - In Rs. before Extra-Ordinary Item			
-- Basic		(0.61)	(2.32)
-- Diluted		(0.61)	(2.32)
XI Earnings Per Share - In Rs. after Extra-Ordinary Item			
-- Basic		3.09	(2.32)
-- Diluted		3.09	(2.32)

See Accompanying Notes to Financial Statements

1

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 000175S

For CNGSN & Associates
Chartered Accountants
Registration # 004915S

For and on Behalf of the Board
V. Rajagopal
Chairman

G.Anil
Partner
Membership # 22450

C.N.Gangadaran
Partner
Membership # 11205

Charath Ram Narsimhan
Managing Director

Chennai, 05 May, 2014

K. Senthilkumar
Company Secretary

Notes to the Accounts as at 31st March 2014
1 Significant Accounting Policies
1 Accounting Convention:

These Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprises of mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and guide lines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2 Fixed Assets, Intangible Assets & Depreciation:

- a Fixed Assets are stated at cost less accumulated depreciation.
- b Depreciation on Fixed Assets acquired upto 31st March 2005 is calculated on Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956
- c Depreciation on addition to Fixed Assets on or after 1st April 2005 has been provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.
- d Additional Depreciation is being provided to the extent required during the year of Sale of Assets.
- e Borrowing Costs, (if any) attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset. Other Borrowing Costs are charged to Profit and Loss Account.

3 Use of Estimates

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

4 Inventories:

- a 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.
- b 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.

5 Income Recognition:

Sales net of trade discounts and rebates are recorded when the significant risks and rewards of ownership are transferred.

Export Sales are accounted on the basis of the dates of Bill of Lading, other delivery documents as per the contract.

Domestic Sales includes Excise Duty but excludes Sales Tax and Value Added Tax Export Incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

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

Rental Income on properties given on lease are accounted on accrual basis.

Interest Income is recognised on Time-Proportion basis taking into account the amount outstanding and the rate applicable.

6 Measurement of foreign currency monetary items at the Balance Sheet date and Treatment of Exchange Differences:

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign exchange fluctuations. The Company does not use the foreign exchange forward contracts of options for trading or speculating purpose.

Foreign Currency transactions are initially recorded at the exchange rates prevailing on the date of transactions. Current Assets and Current Liabilities are restated at the year end closing rates. The differences arising on such restatement are reflected in the Profit and Loss Account and Exchange Gain / Loss.

Premium / Discount on Forward Foreign Exchange Contracts are recognized over the

life of the Contracts. The value of unperformed contracts is shown under Loans & Advances.

7 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. All lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line method over the lease term.

8 Investments:

Investments are either classified as current or long term based on Management's intention at the time of purchase.

Long term investments are stated at cost. Provision where necessary is made to recognize a decline other than temporary in the carrying value of each investments.

Current investments are carried at lower of cost and quoted /fair value.

9 Accounting of Government Grants:

Government grants are accounted on Cash Basis.

The Company was in receipt of Interest Subsidy under Technology Upgradation Fund (TUF) Scheme during the financial year 2011-12 for an amount of Rs.2.52 crs.

Capital grants were neither received nor accrued.

10 Employees' Benefits:

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

Provident Fund is defined contribution plan and charged to Profit & Loss Account on accrual basis with corresponding contribution to recognised funds.

Leave Entitlement is short term employees benefit and determined arithmetically and charged to Profit & Loss Account on accrual basis.

Gratuity Liability under Payment of Gratuity Act is determined on the basis of an actuarial valuation made at the end of the financial year and in accordance with the Revised Accounting Standard 15.

11 Taxation:

The computation of tax liability is made in accordance with the provisions of Income Tax Act, 1961 and tax liability so computed is "Nil" and hence no provision has been made.

The Company has got a net deferred tax asset on account of accumulated losses and unabsorbed depreciation. In Compliance with the provisions of the Accounting Standard - 22, "Accounting for Taxes on Income" and based on General Prudence, the Company has not recognised Deferred Tax Asset.

12 Impairment of 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 recognised 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.

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 realised in the due course of the business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.

13 Provisions and Contingent Liabilities:

Provisions are recognized when the Company has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation. Contingent liabilities are not recognized but are disclosed in the Notes.

14 Segment reporting:

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

Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
2 SHARE CAPITAL		
a Authorised, Issued, Subscribed and Paid-Up Share Capital		
Authorised Share Capital:		
3,80,00,000 (Prev. Yr. 3,80,00,000) Equity Shares of ₹.10/- each	38.00	20.00
3,20,00,000 (Prev. Yr. 3,20,00,000) 1% Cumulative Redeemable Preference Shares of ₹.10/- each	32.00	-
Issued, Subscribed and Paid up Capital :		
3,63,53,765 (Prev Yr 2,30,34,665) Equity Shares of ₹.10/- each	36.35	23.03
2,51,04,500 (Prev Yr NIL) 1% Cumulative Redeemable Preference Shares of ₹.10/- each	25.10	-
Total	61.45	23.03
b Reconciliation of the number of Shares		
Number of Equity Shares Outstanding at the beginning of the Year	23,034,665	19,534,665
Add: Number of Equity Shares issued during the Year	13,319,100	3,500,000
Number of Equity Shares Outstanding at the end of the Year	36,353,765	23,034,665
Number of 1% Cumulative Redeemable Preference Shares Outstanding at the beginning of the Year	-	-
Add: Number of 1% Cumulative Redeemable Preference Shares issued during the Year	251,045,00	-
Number of 1% Cumulative Redeemable Preference Shares Outstanding at the end of the Year	251,045,00	-
c Rights, Preferences and Restrictions attached to each Class of Shares		
The Company has two classes of shares:		
Equity Shares having a par value of ₹.10/- each with Voting Rights. Each holder of equity shares is entitled to one vote per share		
1% Cumulative Redeemable Preference Shares of ₹.10/- each. The cumulative redeemable preference shares carry a dividend of 1% p.a. and will be redeemed in 6 equal annual instalments starting with the financial year 2022.		
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%		
No. of Shares		
Mr. Venkatesh Rajagopal	6,992,981	5,492,981
Mrs. Rama Rajagopal	5,042,054	5,042,054
M/s State Bank of India	7,469,100	-
M/s New Vernon Private Equity Limited	3,400,000	3,400,000
M/s Leman Diversified Fund	3,350,000	-
M/s Davos International Fund	2,100,000	2,100,000
% Holding		
Mr. Venkatesh Rajagopal	19.2%	23.8%
Mrs. Rama Rajagopal	13.9%	21.9%
M/s State Bank of India	20.5%	0.0%
M/s New Vernon Private Equity Limited	9.4%	14.8%
M/s Leman Diversified Fund	9.2%	0.0%
M/s Davos International Fund	5.8%	9.1%
f Details of 1% Cumulative Redeemable Preference Shares held by each Shareholder more than 5%		
No. of Shares		
State Bank of India	25,104,500	-
% Holding		
State Bank of India	100.0%	0.0%
g Shares reserved for issuance	NIL	NIL
h Shares allotted for consideration other than cash during the last 5 years	NIL	NIL

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
3 RESERVES AND SURPLUS		
a Share Premium		
Opening Balance	2.05	2.05
Add: Additions During the Year	-	-
Closing Balance	2.05	2.05
b Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(70.10)	(65.42)
Add: Profit / (Loss) for the Year	8.34	(4.68)
Closing Balance	(61.76)	(70.10)
Total	(59.71)	(68.05)
4 LONG TERM BORROWINGS		
(i) Term loans from Banks		
Secured:		
Clean Term loans	16.12	57.20
Other Term loans	4.78	25.02
Rent Plus Term loans	2.87	4.19
Funded Interest Term loans	18.21	18.54
Total	41.98	104.95
Details on Term loans - Bankwise, Repayments and Security		
Term loans from State Bank of India	61.01	98.67
Term loans from HDFC Bank Limited	-	12.64
Total Loans	61.01	111.31
Loans Classified under Short Term Borrowings	19.03	6.36
Long Term Borrowings	41.98	104.95
The above loans are secured by		
Hypothecation of Company's current assets including stock and book debts against the Term loans extended by State Bank of India		
Collateral Securities:		
Entire Plant and Machinery - present and future		
Land and building situated at 107-A, GST Road, Chrompet, Chennai		
Land and building situated at Thiruvanchery, Agaram Road, Tambaram Taluk, Chennai		
Factory land and building situated at 72/1, Poonamalle Bypass Road, Poonamalle, Chennai		
Leasehold rights of land and Factory building situated at plot SDF - IV, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600045		
Leasehold rights of land situated at C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600045		
Building situated at C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045		
Loans from State Bank of India is further secured by Pledge of Promoters Shares in the Company to an extent of 53,52,516 Equity Shares and Personal Guarantee by Promoters.		
The Repayment Schedule of Term loans are as under:		
		SBI
FY 2014-15		19.03
FY 2015-16		14.72
FY 2016-17		2.14
FY 2017-18		2.15
FY 2018-19		1.59
FY 2019-20		19.80
FY 2020-21		1.59
	-	61.02

The interest commitments of ₹.0.35 crs (Previous Year - ₹.4.01 crs) against Working Capital loans and Term loans from SBI is yet to be serviced
The dues of HDFC Bank has been settled in full under One-Time Settlement Scheme - Refer NOTE 26

₹. In Crores

Particulars		As at 31-Mar-14	As at 31-Mar-13
5	DEFERRED TAX LIABILITIES		
	On the difference between Book Balance and Tax Balance of Fixed Assets		
	Deferred Tax Liability	8.34	8.13
	Deferred Tax Asset on Unabsorbed Depreciation & Business Loss	(8.34)	(8.13)
	The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of corresponding deferred tax liability on the difference between the book balance and written down value of fixed assets under Income Tax		
	Total	-	-
6	OTHER LONG-TERM LIABILITIES		
a	Trade Payables	-	-
b	Others:		
	Trade / Security Deposits Received	0.82	2.32
	Total	0.82	2.32
7	SHORT-TERM BORROWINGS		
a	Loans Repayable on Demand from Banks		
	Secured:		
	Working Capital Facilities from State Bank of India	13.61	10.00
	Export Bills Discounted	18.45	23.07
		32.06	33.07
	The loans have been secured as under:		
	Charge on Inventories in the form of Raw Materials, Stock In Process and Finished Goods, Receivables and other current assets of the Company both present and future for the loans in the form of Export Packing Credit, Cash Credit, Export Bills Discounting facility extended by State Bank of India.		
	Loans from State Bank of India is further secured by Pledge of Promoters Shares in the Company to an extent of 53,52,516 Equity Shares and Personal Guarantee by Promoters.		
	Total	32.06	33.07
8	TRADE PAYABLES		
	-- Acceptances	19.18	7.33
	-- Other than Acceptances	9.61	7.38
	-- MSME	-	-
	-- Other Trade Payables	8.24	6.75
	Total	37.03	21.46
	The Company has not received any Memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2014 as Micro, Small or Medium Enterprises (MSME). Consequently the amount payable to these enterprises during the year is ₹ NIL.		
9	OTHER CURRENT LIABILITIES		
a	Current Maturities of Long-Term Borrowings - Term loans		
	Term loans from Banks		
	Clean Term loans	0.99	3.54
	Other Term loans	16.63	0.42
	Rent-Plus Term loans	1.41	1.14
	Funded Interest Term loans	-	1.26
		19.03	6.36
b	Interest accrued and due on Borrowings		
	On Borrowings from State Bank of India	0.35	4.01
	On Borrowings from HDFC Bank	-	2.57
		0.35	6.58
c	Other Payables		
	Salaries and Wages Payable	2.90	2.22

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
Service Tax Payable	0.04	0.15
Statutory Remittances - Payable	0.75	0.76
TDS Payable	0.21	0.16
Others - Amount Payable / Receivable on Forward Contracts	-	(0.77)
Total	3.90	2.52

10 SHORT-TERM PROVISIONS
a Provision for Employee Benefits

Provision for Bonus	1.17	2.38
Provision for compensated absences / earned leave encashment	1.76	1.40
Provision for Gratuity (Refer Note 31)	(0.07)	(0.04)
Total	2.86	3.74

11 FIXED ASSETS
TANGIBLE ASSETS

₹. In Crores

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/13	Additions	Deductions	As on 31/03/14	As on 01/04/13	For the year	Deductions	As on 31/03/14	As on 31/03/14	As on 31/03/13
1	Land and Site Development	1.71	-	-	1.71	-	-	-	-	1.71	1.71
2	Buildings	27.34	0.07	-	27.40	9.52	0.86	-	10.38	17.02	17.82
3	Plant & Machinery	65.87	0.92	1.14	65.65	26.16	3.22	1.08	28.30	37.35	39.71
4	Electrical Installation	9.67	-	-	9.67	3.94	0.43	-	4.37	5.30	5.74
5	Office Equipments	1.88	0.05	-	1.93	0.62	0.09	-	0.71	1.22	1.26
6	Computers	7.29	0.16	-	7.45	6.92	0.12	-	7.05	0.41	0.36
7	Vehicles	0.14	0.01	0.00	0.14	0.08	0.01	0.00	0.09	0.05	0.06
8	Furniture & Fixtures	5.03	-	-	5.03	2.61	0.28	-	2.89	2.14	2.42
	Total	118.93	1.20	1.14	119.00	49.86	5.02	1.09	53.79	65.20	69.08
	Previous Year	119.00	1.36	1.43	118.93	44.86	6.41	1.41	49.86	69.08	74.14

INTANGIBLE ASSETS

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/13	Additions	Deductions	As on 31/03/14	As on 01/04/13	For the year	Deductions	As on 31/03/14	As on 31/03/14	As on 31/03/13
1	Computer Software	2.17	0.04	-	2.21	1.96	0.05	-	2.00	0.21	0.22
	Total	2.17	0.04	-	2.21	1.96	0.05	-	2.00	0.21	0.22
	Previous Year	2.12	0.05	-	2.17	1.78	0.18	-	1.96	0.22	0.35

₹. In Crores

Particulars		As at 31-Mar-14	As at 31-Mar-13
12 NON-CURRENT INVESTMENTS			
Investments at Cost			
-- Trade		-	-
-- Other Investments			
Investments in Equity Instruments of Subsidiary Company - Celebrity Clothing Limited			
50,000 Shares (PY - 50,000) of ₹.10/- each		0.05	0.05
Total		0.05	0.05
13 LONG-TERM LOANS AND ADVANCES			
a Deposits - Unsecured - Considered Good			
-- Rent		1.78	1.66
-- Government or Public Bodies		0.78	0.99
-- Others		0.02	0.02
		2.58	2.67
b Advance Income Tax (Net of Provisions) - Unsecured - Considered Good		0.29	0.29
		0.29	0.29
Total		2.87	2.96
14 OTHER NON-CURRENT ASSETS			
a Interest accrued on Fixed Deposits		0.06	0.06
b Duty Drawback Receivable		0.09	-
c Service Tax Receivable		0.43	-
d Tax Deducted at Source		1.73	1.66
e Others		0.83	2.36
Total		3.14	4.08
<p>Duty Drawback and Service Tax receivable amounting to ₹ 0.09 crores and 0.43 crores respectively have been outstanding for a period exceeding 12 months and accordingly has been grouped under Other Non Current Assets.</p> <p>The Company had let out one of it's properties on lease to Deepam Hospital Ltd with effect from April 01, 2010. The Lessee has since then been in continuous default on it's Lease rental obligations. The gross receivables pending from Deepam Hospitals Limited as at March 31, 2014 amounted to ₹ 2.33 Crores. The Lease agreement entered into with Deepam Hospital Limited expired on January 31, 2013 and the Company has not renewed the lease with Deepam Hospitals Limited. A termination notice was served on Deepam Hospitals Limited and the Company has also taken legal recourse to recover it's dues from Deepam Hospitals Private Limited.</p> <p>Deepam Hospitals Limited is currently occupying the Company's premises in an unauthorised manner. The Security Deposit of ₹.1.50 crs received from Deepam Hospitals at the time of entering into lease agreement has been adjusted against the receivables outstanding and the net receivable of ₹.0.83 crores has been included under "Others".</p>			
15 INVENTORIES			
a Raw Materials		8.72	4.86
b Trims and Packing Materials & Consumables		1.86	1.33
c Work-in-Progress		2.28	1.48
d Finished Goods		11.32	7.70
Total		24.18	15.37
16 TRADE RECEIVABLES			
Unsecured - Considered Good			
a Outstanding for a period exceeding six months from the due date		-	-
b Other Trade Receivables		35.12	35.21
Total		35.12	35.21

Other Trade Receivables include ₹ 9.20 crs (Previous Year ₹ 4.08 crs) receivable from Company under Significant Influence or Control of Key Managerial Personnel as specified in Note 29 (d)(ii)

₹. In Crores

Particulars		As at 31-Mar-14	As at 31-Mar-13
17 CASH AND BANK BALANCES			
a Cash on hand		0.23	0.08
b Balances with Banks			
-- in Current Account		0.76	0.23
-- Fixed Deposits with Banks held as Margin Money against Borrowings / Guarantees		1.82	4.35
Total		2.81	4.66
18 SHORT-TERM LOANS AND ADVANCES			
a Loans and advances to Employees - Unsecured - Considered Good		0.36	0.26
b Balances with Government Authorities - Unsecured - Considered Good			
Duty Drawback receivable		3.85	2.56
Service Tax Receivable		0.82	0.61
VAT - Input Credit		0.09	-
Cenvat Receivable		0.22	0.22
Total		5.34	3.65
Duty Drawback and Service Tax Receivable outstanding for a period exceeding 12 months has been classified under "Other Non-Current Assets"			
19 OTHER CURRENT ASSETS			
Advances to Suppliers of Goods and Services		0.85	0.70
Total		0.85	0.70
20 REVENUE FROM OPERATIONS (GROSS)			
a Sale of Products			
-- Exports		186.12	165.44
-- Domestic (Gross)		34.91	19.26
b Other Operating Revenues			
-- Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)		(6.28)	(9.80)
-- Income from Contract Manufacturing Activities		13.93	7.91
-- Duty Drawback		6.63	4.43
Total		235.31	187.24
21 OTHER INCOME			
a Interest Accrued / Received on Fixed Deposits		0.21	0.29
b Gain on Sale of Current Investments		0.31	0.20
c Rental and Other Income		0.84	2.47
Total		1.36	2.96
22 COST OF MATERIALS			
Opening Stock of Materials		6.19	10.62
Add:			
Purchases of Materials		146.63	100.05
Closing Stock of Materials		10.58	6.20
Total		142.24	104.47
CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC			
Closing Stock			
- Finished Goods		11.32	7.70
- Work-in-Progress		2.28	1.48
Opening Stock			
- Finished Goods		7.70	13.29
- Work-in-Progress		1.48	2.22
Total		(4.42)	6.33

₹. In Crores

Particulars		As at 31-Mar-14	As at 31-Mar-13
23 EMPLOYEE COSTS			
Salaries and Wages		41.37	34.48
Statutory Contributions		4.77	3.75
Welfare Expenses		2.04	1.69
Total		48.18	39.92
24 OTHER EXPENSES			
Subcontracting and Garment Processing Costs		10.56	7.53
Traveling & Conveyance		8.74	7.22
Power & Fuel		4.75	4.72
Rent		3.14	2.70
Shipping Charges		2.48	1.81
Consumables		1.39	0.83
Consultancy Charges		0.64	0.49
Communication Expenses		0.60	0.74
Selling Commission & Discounts		-	0.02
Printing & Stationery		0.54	0.42
Rates and Taxes		0.26	0.57
Insurance		0.72	0.74
Export Expenses		1.05	0.76
Auditors' remuneration		0.07	0.05
Other Miscellaneous Expenses		5.37	3.54
Remuneration to Directors		-	0.21
Total		40.31	32.35
Auditors' Remuneration includes ₹.4.50 lakhs (PY-₹.4.50 lakhs) against Statutory Audit, ₹.0.70 lakhs (PY-₹.0.70 lakhs) against Tax Audit and ₹.1.24 lakhs (PY - ₹NIL) against Cost Audit			
An amount of ₹.5,72,593/- (PY - ₹.223,571/-) was paid to the Auditors towards Certification, Out-of-Pocket Expenses and for representation in Taxation matters and the same is classified under Consultancy Charges			
Directors Sitting Fee of ₹.0.40 lakhs (PY - ₹.0.35 lakhs) is grouped under Other Miscellaneous Expenses			
25 FINANCE COSTS			
a Interest on			
-- Term loans **		2.61	1.83
-- Working Capital & Others		2.62	2.28
b Other Borrowing Costs - Bank Charges		1.48	0.86
c Net (Gain) / Loss on Foreign Currency Transactions (considered as Finance Costs)		0.21	(0.62)
Total		6.92	4.35

**Interest on Term loans is net off TUF Interest subsidy of ₹.0.53 crs (Previous Year ₹.NIL) received during the year During the Financial Year 2012-13, the excess interest charged to Profit and Loss Account for the period April 2011-March 2012 of ₹.4.71 crs on SBI Term loans was reversed in accordance with the Sanction letter dated 16th November 2012

26 EROSION OF NETWORTH, DECLARATION AS SICK UNIT AND STATUS OF DEBT REHABILITATION SCHEME

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

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

The package includes interest concessions, re-schedulement of Term loans and Conversion of portion of Term loans into Equity and 1% Cumulative Redeemable Preference Shares (CRPS). The Company has settled the dues of HDFC Bank under One-Time Settlement Scheme.

The gain on settlement of HDFC Bank's dues has been recognised as Extra-Ordinary Item during the year in the Profit and Loss Account. The Rehabilitation Scheme is pending for approval before Hon'ble BIFR.

The Company's networth has turned positive under provisions of Sick Industries Companies Act (SICA) as on 31st March 2014.

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

The Company is exploring various strategic initiatives and the Management is confident of being able to continue and operate the business and bring positive results in future.

₹. In Crores

Particulars		As at 31-Mar-14	As at 31-Mar-13
27 EARNINGS PER SHARE			
Earnings Per Share - In ₹. before Extra-Ordinary Income			
-- Basic		(0.61)	(2.32)
-- Diluted		(0.61)	(2.32)
Earnings Per Share - In ₹. after Extra-Ordinary Income			
-- Basic		3.09	(2.32)
-- Diluted		3.09	(2.32)
Earnings per Share is calculated as under:			
a Numerator			
Net Profit after Tax as disclosed in Statement of Profit and Loss before Extra-Ordinary Income		(1.63)	(4.68)
Net Profit after Tax as disclosed in Statement of Profit and Loss after Extra-Ordinary Income		8.34	(4.68)
b Denominator			
Weighted Average Number of Equity Share Outstanding			
-- Basic		26,982,363	20,186,720
-- Diluted		26,982,363	20,186,720
c Nominal Value of Equity Share (In ₹.)		10.00	10.00
No. of Shares as on 1st April		23,034,665	19,534,665
No. of Shares as on 31st March		36,353,765	23,034,665
28 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)			
a Gurantees given by Banks and Counter Guaranteed by the Company		-	-
b On account of Letters of Credit issued by Bankers on behalf of the Company		0.96	1.05
c Claims against Company not acknowledged as debts, being Income Tax demand pending before Commissioner of Income Tax (Appeals) and Income Tax Appellate tribunal.		0.29	0.69
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.			
d The Banks have extended concessional interest rate for the Credit facilities sanctioned to the Company for the period upto 31st March 2014. As per the terms of the Sanction letter, Banks have the right of recompense in future for the sacrifice extended.			
29 RELATED PARTY TRANSACTIONS			
a Key Managerial Personnel:			
Mr. V.Rajagopal			
Mrs. Rama Rajagopal			
Mr. Charath Ram Narsimhan			
b Enterprises under Control or Significant Influence of Key Managerial Personnel:			
M/s Indian Terrain Fashions Limited			
M/s Celebrity Clothing Limited			
M/s Celebrity Connections			
c Transactions carried out with Related Parties during the Year			
Key Managerial Personnel			
Managerial Remuneration		-	0.21
Enterprises Under Same Management			
Jobwork Charges, Material Transfers and Rentals		36.35	18.87
Unsecured Loan from Celebrity Connections		2.65	-
d Outstanding Balances as on 31.03.14			
i Payable as Managerial Remuneration		-	-
ii Trade Receivable against Jobwork Charges and Material Transfers - Indian Terrain Fashions Limited		9.20	4.08

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
30 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES		
Loans and advances in the nature of Loans given to Subsidiaries, Associates and Others	-	-
31 EMPLOYEE BENEFIT PLAN - GRATUITY		
The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognises 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 Recognised in the Balance Sheet in respect of gratuity		
Present Value of Defined Benefit Obligation at the end of the Year	1.09	0.95
Fair Value of Plan Assets at the end of the Year	1.16	0.99
Net Liability / (Asset)	(0.07)	(0.04)
Amount Recognised in Profit and Loss Account in respect of gratuity		
Current Service Cost	0.17	0.17
Interest on Defined Benefit Obligations	0.08	0.07
Expected Return on Plan Assets	(0.08)	(0.06)
Net Actuarial (Gain) / Loss recognised during the Period	0.50	0.19
Net Gratuity Cost	0.67	0.37
Actual Return on Plan Assets		
Expected Return on Plan Assets	0.08	0.06
Actuarial Gain / (Loss) on Plan Assets	(0.01)	(0.00)
Actual Return on Plan Assets	0.07	0.05
Reconciliation of present value of obligation and the fair value of the plan assets		
Opening Defined Benefit Obligation	0.95	0.81
Current Service Cost	0.17	0.15
Interest Cost	0.08	0.07
Actuarial (Gain) / Loss	0.49	0.50
Benefits Paid	(0.59)	(0.58)
Closing Defined Benefit Obligation	1.09	0.95
Opening Fair Value of Plan Assets	0.99	0.57
Expected Return on Plan Assets	0.08	0.05
Actuarial Gain / (Loss)	(0.01)	0.00
Employer Contributions	0.70	0.95
Benefits Paid	(0.59)	(0.58)
Closing Fair Value of Plan Assets	1.16	0.99
Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the Year	0.95	0.81
Interest Cost	0.08	0.07
Current Service Cost	0.17	0.15
Benefit Paid	(0.59)	(0.58)
Actuarial (gain) / loss on obligations	0.49	0.50
Liability at the end of the Year	1.09	0.95
Closing balances of Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the Year	0.99	0.57
Expected Return on Plan Assets	0.08	0.05
Employer Contributions	0.70	0.95
Benefits Paid	(0.59)	(0.58)

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
Actuarial gain/(loss) on Plan Assets	(0.01)	0.00
Fair Value of Plan Assets at the end of the Year	1.16	0.99
Actual Return on plan assets	0.07	0.05
Investment Details of Plan Assets		
Money Market Instruments	80%	78%
Assets under Insurance Schemes	20%	22%
Principal Actuarial Assumptions at the Balance Sheet Date		
Discount Rate	8.75%	8.00%
Estimated Rate of Return on Plan Assets	8.75%	8.00%
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.		
32 OTHERS		
a Aggregate Expenses		
Electricity Expenses included under Power and Fuel	2.35	1.93
b Earnings in Foreign Currency		
Export of Goods - FOB Value	186.12	165.44
c Expenditure in Foreign Currency		
Selling Commission & Consultancy Charges	-	-
Software Expenses	0.10	-
Travel	0.04	0.12
Claims	1.01	0.75
Spares	0.18	-
Interest	0.05	0.21
d Value of Imports		
Rawmaterials	74.77	47.31
Capital Goods	0.03	-
e Imported and Indegenious Consumption of Rawmaterials		
Imported		
-- ₹. In Crores	77.81	48.06
-- % to Total	54.7%	46.0%
Indigenous		
-- ₹. In Crores	64.44	56.41
-- % to Total	45.3%	54.0%

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
33 OTHER DISCLOSURES		
a Foreign Exchange Differences		
Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account	(6.07)	(9.73)
Premium / (Discount) on Forward Foreign Exchange Contracts recognized	(0.21)	(0.07)
b No amount is paid / payable by the company U/s 441 A of the Companies Act,1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.		
c Previous year figures have been regrouped, reworked and reclassified wherever necessary to conform to current year classification.		

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 000175S

For CNGSN & Associates
Chartered Accountants
Registration # 004915S

For and on Behalf of the Board
V. Rajagopal
Chairman

G.Anil
Partner
Membership # 22450

C.N.Gangadaran
Partner
Membership # 11205

Charath Ram Narsimhan
Managing Director

Chennai, 05 May, 2014

K. Senthilkumar
Company Secretary

Cashflow Statement for the year ending 31st March 2014

₹. In Crores

Sl. No.	Particulars	2013-14	2012-13
A	Cashflow from Operating Activities		
	Net Profit before Tax and before Extra-Ordinary Items	(1.63)	(4.69)
	Adjustments for:		
	Depreciation for the Year	5.07	6.59
	Depreciation for Sale of Assets	(1.09)	(1.41)
	Unrealised (Gain) / Loss on Exchange Differences	(0.07)	(1.39)
	Interest & Finance Charges paid	6.92	4.35
	Interest Income	(0.21)	(0.29)
	(Profit) / Loss on Sale of Investments	(0.31)	10.31
	Operating Profit before Working Capital Changes	8.68	2.96
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	(5.44)	(2.75)
	Decrease / (Increase) in inventories	(8.81)	10.76
	Increase / (Decrease) in creditors and other payables	8.58	(5.67)
	Cash generated from Operations	3.01	4.77
	Income Taxes Refund / (Paid) (net)	(0.06)	(0.30)
	Net Cash from Operating Activities	2.94	4.47
B	Cashflow from Investing Activities		
	(Purchase) / Sale of Fixed Assets - Net	(0.10)	0.02
	(Purchase) / Sale of Investments (net)	0.31	0.20
	Interest Received	0.21	0.42
	Net Cash (Used In) / from Investing Activities	0.42	0.51
C	Cashflow from Financing Activities		
	Proceeds from issue of Share Capital	5.85	3.50
	Conversion of Loans into Share Capital	32.57	-
	Short Term Borrowings	3.61	(3.14)
	Term loan Receipts (Net)	(35.33)	(3.43)
	Repayment of Loans under One-Time Settlement Scheme	(5.00)	-
	Interest and Finance Charges paid	(6.92)	(5.21)
	Net Cash (Used In) / from Financing Activities	(5.21)	(7.42)
	Net Increase in Cash and Cash Equivalents	(1.85)	(2.45)
	Cash and Cash Equivalents (Opening Balance)	4.66	7.11
	Cash and Cash Equivalents (Closing Balance)	2.81	4.66
Note:			
1	The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3		
2	Cash and Cash equivalents represents		
	-- Cash balances		
	-- Bank balances		
	-- Deposits held as Margin Money against Borrowings / Guarantees (Refer Note 17)		
3	Previous year figures are re-grouped / re-classified in line with current year requirements		
	To be read with our report of even date		
For Anil Nair & Associates Chartered Accountants Registration # 000175S G.Anil Partner Membership # 22450 Chennai, 05 May, 2014		For CNGSN & Associates Chartered Accountants Registration # 004915S C.N.Gangadaran Partner Membership # 11205	
		For and on Behalf of the Board V. Rajagopal Chairman Charath Ram Narsimhan Managing Director K. Senthilkumar Company Secretary	

SUBSIDIARY COMPANY

CELEBRITY CLOTHING LIMITED

NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifth Annual General Meeting of Celebrity Clothing Limited will be held on Monday, the 29th day of September 2014 at 4.30 P.M. at the Registered Office of the Company, situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai – 600 045 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statement of Profit and Loss Account for the year ended 31st March 2014 and the Balance sheet as on that date together with the report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr V Rajagopal, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Director in place of Mrs Rama Rajagopal, who retires by rotation and being eligible offers herself for reappointment.
4. To appoint M/s Anil Nair & Associates, Chartered Accountants, Chennai as Statutory Auditor of the Company.

For and on behalf of the Board

Dated : 5th May 2014

Place : Chennai

V Rajagopal

Chairman

Notes

1. 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of Companies, Societies and Partnership firms etc must be supported by appropriate resolution/authority as applicable issued on behalf of the nominating organization.

DIRECTOR'S REPORT

Your Directors hereby present the Fifth Annual Report along with Audited Balance Sheet and Statement of Profit & Loss of the Company for the year ended 31st March 2014.

Finance and Accounts:

No commercial activity was undertaken by the Company during the year under review. Celebrity Clothing Limited which is a wholly owned subsidiary of Celebrity Fashions Limited was incorporated on September 2009. Celebrity Fashions Limited as part of its business restructuring process initially proposed to hive off its MEPZ-SEZ plant to Celebrity Clothing Limited to facilitate strategic investment. Unfortunately this proposal did not attract any strategic investor. Hence the MEPZ-SEZ plant remained with Celebrity Fashions Limited.

Presently Celebrity Clothing Limited is a non operating subsidiary of Celebrity Fashions Limited, and has not carried on any business activity since inception.

As such it is intended to wind up Celebrity Clothing Limited and approach the Registrar of Companies to strike the name of the Company under Fast Track Exit (FTE) mode 2011 announced by the Ministry of Corporate Affairs.

Auditors:

M/s Anil Nair & Associates, Chartered Accountants, Chennai, Auditors of the company retire at the conclusion of the ensuing General Meeting and being eligible offer themselves for reappointment.

Auditor's Report:

Regarding the qualification in the Auditors Report with respect to the "Going Concern Concept", your Directors wish to clarify that:-

The Company was not carrying on any business from the date of its inception and does not have any assets or liabilities, nor does it intend to carry on any business in the future. The Company intends to approach the Registrar of Companies to strike the name of the company from the Registrar of Companies under the Fast Track Exit (FTE) Mode 2011 announced by the Ministry of Corporate Affairs under section 560 of the Companies Act 1956.

Particulars as per Section 217 of the Companies Act, 1956

- A) Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 and based on the representations received, your Directors hereby confirm that:
 - i. In the preparation of the Annual Accounts for the year ended 31st March 2014, the applicable Accounting Standards have been followed and there are no material departures;
 - ii. The Directors have selected such 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 at the end of the financial year and of the profit or loss of the Company for that period;
 - iii. The Directors have taken proper and sufficient care for maintenance of adequate

accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. The Directors have prepared the Annual Accounts on a going concern basis.
- B) As there is no employee, the Particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 is not appended.
- C) The information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given below:
 - i. **Conservation of Energy:**
The operations of the Company are not energy-intensive. However, wherever possible, the Company strives to curtail the consumption of energy on a continuing basis.
 - ii. **Technology absorption:**
Not applicable.

For and on behalf of the Board

Dated : 5th May 2014

Place : Chennai

V Rajagopal

Chairman

AUDITOR'S REPORT

To the Members of,

M/s. CELEBRITY CLOTHING LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of M/s. CELEBRITY CLOTHING LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The fundamental assumption of "GOING CONCERN" is no more valid having regard that the Company is yet to commence operations and is not expecting to commence its operations in the foreseeable future there by affecting the Going Concern Assumption. The impact of the above on the accounts is not ascertainable at this stage.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;*

- b) *in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and*
- c) *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Report on other legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S
G. ANIL
Partner
Membership Number 22450
Dated : 5th May 2014
Place : Chennai

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

1. According to the information and explanations given to us, during the year under review the Company did not hold any fixed assets, consequently the reporting requirement under clause (i) of paragraph 4 of the Order is not applicable to the Company
2. During the period under review and according to the information and explanations given to us, the Company did not hold any inventory, therefore the requirement of reporting under clause (ii) of paragraph 4 of the Order is not applicable to the Company.
3. As informed to us, the Company not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clause (iii) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and also for rendering services. During the course of our audit, we have not observed any major weaknesses in the internal control system.
5. According to the information and explanations given to us, the Company has not entered into any contract or arrangement referred to in Section 301 of the Companies Act, 1956, consequently Clauses (v)(a) and (v)(b) of paragraph 4 of the Order are not applicable to the Company for the current year.
6. According to the information and explanations given to us the Company has not accepted any deposits from the public. Therefore the provisions of Clause (vi) of paragraph 4 of the Order (as amended) are not applicable to the Company.
7. According to the information and explanations given to us, we are of the opinion that since the aggregate of the paid up capital and free reserves of the Company did not exceed Rupees Fifty Lakhs during the year and that the Company is yet to commence business activities, no comment on the internal audit system is required.

8. To the best of our knowledge and as explained to us, the Central Government of India has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the services rendered by the Company. Accordingly, paragraph 4 (viii) of the Order is not applicable to the company.
9. In respect of statutory dues:
According to the information and explanations given to us, the Company is yet to commence commercial operations, as such there were no statutory dues payable by the Company during the year under review. Therefore, in our opinion no comments are required with respect to the provisions of Clause 4(ix) of the Order.
Further since the Central Government has till date not prescribed the amount of Cess payable under section 441A of the Companies Act, 1956 we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
10. *The Company's Accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has also incurred cash losses in the current and immediately preceding financial year.*
11. According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution or banks. The Company did not have any debentures outstanding during the year. Hence in our opinion the question of reporting of clause 4(xi) of the Order does not arise.
12. According to the information and explanations given to us, and based on the records and documents produced before us, The Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. In our opinion and to the best of our information and according to the explanations provided by the management, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order 2003 (as amended) do not apply to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the Company did not have any term loans outstanding during the period, hence in our opinion clause (xv) of paragraph 4 of the Companies (Auditors Report) Order, 2003 is not applicable to the company.
17. According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on a short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by way of public issue during the period. Hence in our opinion Clause 4(xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, and as per the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S
G. ANIL
Partner
Membership Number 22450
Dated : 5th May 2014
Place : Chennai

CELEBRITY CLOTHING LIMITED
Balance Sheet as at 31st March 2014

₹. In Lakhs (except per share data)

Particulars	Note No.	As at 31-Mar-14	As at 31-Mar-13
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	2	5.00	5.00
(b) Reserves and Surplus	3	(5.00)	0.16
		-	5.16
2 Current Liabilities			
(a) Trade payables	4	-	0.24
(b) Short-term provisions	5	-	0.03
		-	0.27
Total		-	5.42
II ASSETS			
1 Non-Current Assets		-	-
2 Current Assets			
(a) Cash and Bank Balances	6	-	5.42
(b) Other Current Assets	7	-	-
		-	5.42
Total		-	5.42

See Accompanying Notes to Financial Statements

For and on Behalf of the Board
V Rajagopal
Chairman
Mrs Rama Rajagopal
Director

To be read with our report of even date
for ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S
G. ANIL
Partner
Membership Number 22450
Dated : 5th May 2014
Place : Chennai

Statement of Profit and Loss for the Year Ended 31st March 2014

₹. In Lakhs (except per share data)

Particulars	Note No.	As at 31-Mar-14	As at 31-Mar-13
I Other Income	8	-	0.28
II Total Revenue		-	0.28
III Expenses			
a Other Expenses	9	5.16	0.14
IV Total		5.16	0.14
V Earnings before Interest, Depreciation and Tax (II-IV)		(5.16)	0.14
Less:			
Finance Costs	10	-	0.02
VI Profit / (Loss) before Tax		(5.16)	0.13
VII Tax Expenses			
a Income Tax		-	0.05
Total Tax Expense		-	0.05
VIII Profit / (Loss) for the Period		(5.16)	0.08
IX Earnings Per Share - In Rs.			
-- Basic		(10.32)	0.15
-- Diluted		(10.32)	0.15

See Accompanying Notes to Financial Statements

For and on Behalf of the Board
V Rajagopal
Chairman
Mrs Rama Rajagopal
Director

To be read with our report of even date
for ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S
G. ANIL
Partner
Membership Number 22450
Dated : 5th May 2014
Place : Chennai

CELEBRITY CLOTHING LIMITED
NOTES TO ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014
1. Significant Accounting Policies
a. Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the provision of the Companies Act, 2013 (to the extent notified) and the provisions of the Companies Act, 1956 (to the extent applicable). The Financial Statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in reporting and disclosure policy explained below.

b. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material their effects are disclosed in the notes to the financial statements.

c. Revenue Recognition:

The Company follows the mercantile system of accounting and recognises income on accrual basis, in accordance with the requirements of the Companies Act, 1956. Interest is recognized using time proportion method, based on the rates implicit in the transaction. Interest income is included under the head "other Income" in the statement of Profit and Loss.

d. Taxation:

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. A provision is made for income tax based on the tax liability computed after considering tax allowances and exemptions. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

No provision has been made in the accounts for deferred tax since there were no timing differences arising during the year.

e. Cash and cash equivalents:

Cash and cash equivalents comprises of bank balances and deposits with banks.

NOTES TO ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014
f. Cash Flow Statement:

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

g. Provisions:

Provisions are recognized when the Company has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

h. Contingencies:

Liabilities which are material and whose future outcomes cannot be ascertained with reasonable certainty are treated as contingent. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

i. Earnings Per Share:

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. For the purposes of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to accounts as at and for the Year Ended 31st March 2014

₹. In Lakhs

Particulars		As at 31-Mar-14		As at 31-Mar-13	
2 SHARE CAPITAL					
a Authorised, Issued, Subscribed and Paid-Up Share Capital					
Authorised Share Capital:					
50,000 (Prev. Yr. 50,000) Equity Shares of Rs.10/- each		5.00		5.00	
Issued, Subscribed and Paid up Capital :					
50,000 (Prev. Yr. 50,000) Equity Shares of Rs.10/- each		5.00		5.00	
Total		5.00		5.00	
b Reconciliation of the number of Shares					
Number of Equity Shares Outstanding at the beginning of the Year		50,000		50,000	
Add: Number of Shares issued during the Year		-		-	
Number of Equity Shares Outstanding at the end of the Year		50,000		50,000	
c Rights, Preferences and Restrictions attached to Equity Shares					
The Company has only one class of shares referred to as Equity		NIL		NIL	
Shares having a par value of Rs.10/-					
Each holder of equity shares is entitled to one vote per share					
d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates		50,000		50,000	
e Details of Shares held by each Shareholder holding more than 5%					
Name of the Shareholder		No of shares held	%	No of shares held	%
Celebrity Fashions Limited		50,000	100.00	50,000	100.00
f Shares reserved for issuance					
		NIL		NIL	
g Shares allotted for consideration other than cash during the last 5 years					
		NIL		NIL	
3 RESERVES AND SURPLUS					
a Capital Reserve					
Opening Balance		-		-	
Add:Additions during the year		-		-	
Closing Balance		-		-	
b General Reserve					
Opening Balance		-		-	
Add:Additions during the year		-		-	
Closing Balance		-		-	
c Share Premium					
Opening Balance		-		-	
Add: Additions During the Year		-		-	
Closing Balance		-		-	
d Share Options Outstanding Account					
Opening Balance		-		-	
Amounts recorded on grants/modifications/cancellations during the year		-		-	
Closing Balance		-		-	
e Surplus / (Deficit) in Statement of Profit and Loss					
Opening Balance		0.16		0.08	
Add: Profit / (Loss) for the Year		(5.16)		0.08	
Closing Balance		(5.00)		0.16	
Total		(5.00)		0.16	
4 TRADE PAYABLES					
-- Other Trade Payables		-		0.24	
Total		-		0.24	
5 SHORT-TERM PROVISIONS					
a Provision - Others					
Provision for Tax		-		0.03	
Total		-		0.03	
6 CASH AND BANK BALANCES					
a Cash on hand		-		-	
b Balances with Bank					
-- in Current Account		-		5.42	
-- in Deposit Account		-		-	
Total		-		5.42	

7 OTHER CURRENT ASSETS

Interest accrued on Fixed Deposits	-	-
Total	-	-

8 OTHER INCOME

Interest on Fixed Deposits	-	0.28
Total	-	0.28

9 OTHER EXPENSES

Auditors' remuneration	0.06	0.05
Rates & Taxes	0.05	0.09
Consultancy charges	5.05	-
Total	5.16	0.14

Auditors' Remuneration Rs.5,000/- (PY-Rs.5,000/-) towards Statutory Audit.

10 FINANCE COSTS

Bank Charges	-	0.02
Total	-	0.02

11. The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2014 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to these parties during the year is NIL.
12. In the opinion of the Board of Directors, Current Assets are expected to realize the stated values in the ordinary course of business.
13. No amount is paid / payable by the Company under Section 441A of the Companies Act, 1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.
14. There was no foreign exchange inflow or outflow during the year.
15. There were no employees in receipt of remuneration in excess of the limits specified in section 217(2A) of the Companies Act, 1956
16. Earnings per Share :
Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the number of equity shares outstanding during the year.

Particulars	For the Year ended 31st March, 2014 (Rs. In Lakhs)	For the Year ended 31st March, 2013 (Rs. In Lakhs)
Net Profit/(Loss) after Tax for the year	(5.16)	0.08
Number of Equity Shares Outstanding	50,000	50,000
Basic and Diluted EPS	(10.32)	0.15

17. Related Party Disclosures pursuant to Accounting Standard 18

- a. Key Managerial Personnel
Mr. V Rajagopal
Mrs. Rama Rajagopal
- b. Enterprises under Control or Significant Influence of Key Managerial Personnel
M/s Celebrity Fashions Limited
M/s Indian Terrain Fashions Limited
M/s Celebrity Connections
- c. Related Party Transactions - Nil
18. Previous year figures have been regrouped, reworked and reclassified wherever necessary to confirm to Current Year Classification.
To be read with our report of even date

for ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm Registration Number 000175S
G. ANIL
Partner
Membership Number 22450
Dated : 5th May 2014
Place : Chennai

For and on Behalf of the Board
V Rajagopal
Chairman
Mrs Rama Rajagopal
Director

Celebrity Clothing Limited
Cashflow Statement for the year ending 31st March 2014

₹. In Lakhs

Sl. No.	Particulars	2013-14	2012-13
A	Cashflow from Operating Activities		
	Net Profit before Tax and before Extra-Ordinary Items	(5.16)	0.13
	Interest & Finance Charges paid		0.02
	Interest Income		(0.28)
	Operating Profit before Working Capital Changes	(5.16)	(0.14)
	Decrease / (Increase) in debtors and other receivables		0.32
	Increase / (Decrease) in creditors and other payables	(0.27)	0.13
	Cash generated from Operations	(5.42)	0.31
	Income Taxes Refund / (Paid) (net)		(0.05)
	Preliminary Expenses written off		-
	Net Cash from Operating Activities	(5.42)	0.26
B	Cashflow from Investing Activities		
	Interest Received		0.28
	Net Cash (Used In) / from Investing Activities		0.28
C	Cashflow from Financing Activities		
	Interest and Finance Charges paid		(0.02)
	Net Cash (Used In) / from Financing Activities		(0.02)
	Net Increase in Cash and Cash Equivalents	(5.42)	0.52
	Cash and Cash Equivalents (Opening Balance)	5.42	4.90
	Cash and Cash Equivalents (Closing Balance)	(0.00)	5.42

Note:

1 The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3 Cash and Cash equivalents represents

- Cash balances
- Bank balances
- Deposits held as Margin Money against Borrowings / Guarantees

Previous year figures are re-grouped / re-classified in line with current year requirements

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 000175S

G.Anil
Partner
Membership # 22450
Chennai, 05 May, 2014

For and on Behalf of the Board
V. Rajagopal
Chairman

Mrs. Rama Rajagopal
Director

CELEBRITY FASHIONS LIMITED

CIN:L17121TN1988PLC015655

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

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

Fax No.+91-44-2262 2897; Website: www.celebritygroup.com

ATTENDANCE SLIP

Regd Folio No. /DP/ Client ID

No. of Shares held

I hereby record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company at the Registered Office situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045 at 2.30 P.M. on Monday, the 29th day of September, 2014.

.....
Signature of member / Proxy

PROXY FORM

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

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

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

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

as my / our proxy to attend and vote (on a poll) for me / us on my behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Monday, the 29th day of September 2014 at 2.30 P.M. at the Registered Office situated at SDF-IV& C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045 and at any adjournment thereof in respect of such resolutions are indicated below:

Resolution No.

1. 2.
3. 4.
5. 6.
7.

Affix
Re. 1/-
Revenue Stamp

Signed this..... Day of..... 2014.

Signature of shareholder

Signature of Proxy holder(s)

Note: This form in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

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 2262 2897