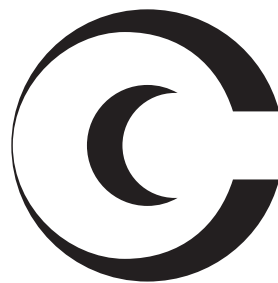


Celebrity Fashions Limited



22nd
ANNUAL REPORT 2010-2011

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REGISTERED OFFICE & CORPORATE OFFICE

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

BANKERS

State Bank of India, Chennai – 600 001
HDFC Bank Limited, Chennai – 600 002

STATUTORY AUDITORS

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

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

INTERNAL AUDITORS

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

BOARD OF DIRECTORS

Mr. V. Rajagopal, Chairman
Mr. S. Surya Narayanan, Managing Director

Mrs. Rama Rajagopal

Mr. N.K. Ranganath

Mrs. Nidhi Reddy

FINANCE & SECRETARIAL

Mrs.L. Visalakshi, DGM - Finance & Accounts

Ms.K. Ramya, Company Secretary

MANUFACTURING FACILITIES

No. 72/1, Senneerkuppam Village
Poonamallee High Road
Narayanapuram, Pallikaranai,
Poonamallee, Chennai 600 054.

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

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

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

Warehouse

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

Washing Plant

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

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



NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Second Annual General Meeting of Celebrity Fashions Limited will be held on 28th September, 2011 the Wednesday at 10.30 A.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 Profit and Loss account for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N.K.Ranganath, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mrs.Nidhi Reddy, who retires by rotation and being eligible offers herself for reappointment.
4. To appoint M/s. Anil Nair & Associates, Chartered Accountants, Chennai and M/s. CNGSN & Associates, Chartered Accountants, Chennai as Joint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and schedule XIII and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and such other approvals, permissions and sanctions, as may be required, and the Company hereby accords its approval to the appointment of Mr. S. Surya Narayanan as the Managing Director of the Company for a period of five years effective from 29th March, 2011 to 28th March, 2016 (both days inclusive).

RESOLVED FURTHER THAT the consent of the members be and is hereby accorded for the payment of remuneration as set out in the explanatory statement annexed hereto and forming part of this Notice, to Mr. S. Surya Narayanan, Managing Director of the company for the period from 29th March, 2011 to 28th March, 2016 (both days inclusive).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to fix and vary remuneration and perquisites including monetary value thereof

to the extent the Board of Directors may consider appropriate and as may be considered and permitted or authorized in accordance with the provisions of the Companies Act, 1956 for the time being in force and any statutory modifications or reenactment thereof, and/or any rules or regulations framed thereunder.

Date : 11th August, 2011

For and On behalf of the Board

Place: Chennai

RAMYA. K

Company Secretary

NOTES

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.
2. The Register of members and transfer books of the Company will be closed from Saturday, the 24th September, 2011 to Wednesday the 28th September, 2011 (both days inclusive).
3. In terms of Clause 49 of the Listing Agreement entered with Stock Exchanges, a brief resume of the directors proposed to be reappointed in this meeting, nature of expertise in specific functional areas, their other directorship, committee membership and their Shareholdings in the Company are annexed to this notice.
4. **IMPORTANT SHAREHOLDER 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 through its recent Circular Nos, 17/2011 and 18/2011, dated April 21 and 29, 2011 respectively, allowing companies to send various official documents to their shareholders electronically. Your Company recognizes the spirit of this MCA circular and it is proposed to henceforth send all documents and communications such as, Notice convening the General Meetings, Financial Statements, Directors' Report, Auditors' Report etc to the email addresses provided by you with your depository. It is encouraged that the members support this green initiative and update their email

address with their depository participant to ensure that all communications sent by the company are received on the desired email address.

It is intended to send all shareholder communication including financial statements and annual reports in electronic form. In addition, the full text of the reports and documents will also be made available on the Company's website: www.celebritygroup.com in the investor section.

The electronic communication will be sent to your email addresses provided to us by your Depository Participant (DP). However, as per the records shared by the Depositories, your email address has not been registered and to enable us to implement the said initiative. We request you to please register/update your email address with your DP at the earliest.

5. Sale of Fractional Shares of Indian Terrain Fashions Limited and Disbursement of Proceeds

Indian Terrain Fashions Limited having 4760 fully paid up Equity Shares of Rs. 10/- each, representing total fractional Shares on account of Demerger, which were allotted to the trustee on behalf of shareholders, were sold on April 01, 2011 at the rate of Rs. 65.62 each. Every Shareholder of the Company would be issued 2 shares of ITFL for every 7 Shares held in CFL. The Company has dispatched fractional warrants to the respective shareholders accordingly.

ANNEXURE TO THE NOTICE CONVENING THE ANNUAL GENERAL MEETING

Additional information on directors seeking re-election at the Annual General Meeting

Mr.N.K.Ranganath

Profile and expertise in specific functional areas

Born on 13th March 1956, Mr. N.K.Ranganath 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.

He was inducted as a director by the Board on 6th September 2005. He does not hold any share in the Company.

Mrs.Nidhi Reddy

Profile and expertise in specific functional areas

Born on 13th April 1956, Mrs. Nidhi Reddy 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

She was co-opted as a director by the Board on 6th September 2005. She is not a director of any other company and does not hold any share in the Company.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to section 173(2) of the Companies Act 1956

Item No.5

The Board of Directors of the Company at their meeting held on 29th March, 2011 have appointed Mr. S. Surya Narayanan as Managing Director of the Company for a period of five years effective from 29th March, 2011 to 28th March, 2016. The remuneration committee of the Board of Directors had approved in its meeting held on 29th March, 2011 by its resolution the terms of the remuneration payable to Mr. S. Surya Narayanan and the same was in accordance with and within the ceiling of maximum remuneration permitted under Section II (1) (A) of Part II of Schedule XIII to the Act. The terms of appointment and disclosures pursuant to clause 49 of the listing agreement are given below:

i) Tenure

For a period of 5 years with effect from 29th March, 2011 to 28th March, 2016.

ii) Salary

Basic salary Rs.2,00,000/- per month.

iii) Medical Benefits

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

iv) Telephone

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

v) Automobile

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



vi) Reimbursement of expenses

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

vii) Sitting Fees

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

Disclosure as per Clause 49 of the Listing Agreement

(a) Profile of Mr. S. Surya Narayanan

Mr. S. Surya Narayanan aged 46 is a Bachelor degree in Commerce from Madras University and is a Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountant of India. He has over 20 years of experience in finance and accounting. He started his career with Harita Finance Limited (TVS Group) and worked in Finance and marketing for a period of eight years. He joined Celebrity Fashions Limited in 1996 as General Manager – Finance and was promoted as vice president – Finance in 2000. In the year 2001, he was inducted into the Board of Director. In the year 2004, Mr. Surya Narayanan was elevated to the position of Executive Director with the core responsibility of finance, accounts, commercial systems and administration. He was a key member in launching Men's wear brand "Indian Terrain" in the domestic market in the year 2000.

(b) Expertise in specific functional areas

Managerial, Financial, Accounting, Commercial, Systems and Administration.

(c) Directorships of other Companies and the membership of Committees of the Board

Mr. S. Surya Narayanan is the director of the following companies:

Indian Terrain Fashions Limited : Director

Rocky Marketing (Chennai) Private Limited : Chairman

Membership of the Committees of the Board

Shareholders/Investors Grievance Committee : Member

Audit Committee : Member

Mr. S. Surya Narayanan holds 1,11,309 equity shares in the company.

None of the Directors except Mr. S. Surya Narayanan is interested or concerned in the proposed resolution.

Date : 11th August, 2011

For and on behalf of the Board

Place : Chennai

RAMYA.K

Company Secretary

Abstract of the terms of appointment and remuneration of Mr. S. Surya Narayanan as Managing Director (Pursuant to Section 302 of the Companies Act, 1956)

1	Tenure	29th March, 2011 to 28th March, 2016.
2	Salary	Rs. 2,00,000/- Per Month.
3	Medical Benefits	Reimbursement of all actual medical expenses for himself and family to the extent not reimbursed under Mediclaim Policy.
4	Telephone	Telephone, telefax and other communication facilities at residence at Company's cost.
5	Automobile	He shall be entitled to a fully maintained company car for company's business.
6	Reimbursement of expenses	He shall be entitled to the reimbursement of all actual expenses or charges, including travel, entertainment and other out of pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business and objects
7	Sitting Fees	He will not be entitled to any sitting fees for attending the meetings of the Board or of any Committee thereof.
8	Power to vary	The Board shall have power to vary or enhance the remuneration from time to time at its discretion on the recommendation of the Remuneration Committee within the limits specified in Schedule XIII to the Companies Act, 1956.

Place: Chennai

For Celebrity Fashions Limited

Date: 11th August, 2011

RAMYA.K

Company Secretary



Directors Report

Dear Shareholders,

Your Directors hereby present the 22nd Annual Report along with the Audited Statement of the Company for the year ended 31st March 2011.

Overview

The global recovery is gaining strength, but unemployment remains high in advanced economies and new macro-economic risks are building in emerging market economies. Financial conditions continue to improve, although they remain unusually fragile. In many emerging economies, demand is robust and overheating is a growing policy concern.

India has never faced as worst situation as the western economies have faced. It was just an experience of slower export, bad liquidity condition which hampered the developing economy to keep on the spectacular growth.

The Indian economy witnessed a robust growth rate of 8.6% in 2010-11.

Exports grew by 37.5% (fastest growth since independence) and totaled US \$246 bn. Imports also showed an increase of 21.2% and totaled US \$ 350 bn. Strong export growth performance in the second half of the financial year has helped bring the trade deficit down to more manageable levels.

In 2010-11, India' trade deficit was of the order of US \$ 104 bn. Commerce and Trade Ministry is now confident that the export target of US \$ 450 bn. by 2013-14 will be met.

Further, textile and leather exports would be at advantage of the shift in Chinese policy towards boosting domestic consumption.

In China's Twelfth plan, exports do not hold the same place. Besides, the Chinese will be vacating spectrum like textiles and leather. This provides a bigger opportunity for India. Indian products would be more competitive as wage increase in China, as a result of its departure from its three-decade-old policy of export oriented growth. Under its new plan, China is aiming for 13% annual growth in wages in its bid to boost domestic consumption. It has also signaled its intention to put more emphasis on high-end capital intensive exports.

But concerns remain on increase in cotton prices and inflation trends. Further, the movement of Indian Government on lifting curbs on cotton yarn exports has added to the worries of Indian Textile industry.

Also, there is quite an amount of fluctuation expected in Indian Currency against the US Dollar. The rupee which started the financial

year at an average of Rs.44.44 touched a high of Rs.46.76 during July 2010 and ended the financial year at an average of Rs.44.91.

The future of the garment industry in India does not look bleak; on the contrary it is quite promising. At present, India is being considered as the next pioneer country in the ready made garments export business.

Business Restructuring

The Company was operating with two divisions – Exports and Domestic. Exports Division was further sub-divided into Tops and Bottoms Division and the Domestic Division was operating under the brand name, Indian Terrain. The Domestic Division and Bottoms Division cater to different markets / products. The company sensing the need to manage them as independent entities for enhancement of their capabilities and to have greater focus on their operations, decided to hive-off the divisions. Further, the hive-off would provide greater flexibility to the entities, to meet the needs for carrying out its operations. The hived-off divisions will realize true values when separated and also will maximize their returns and efficiency.

This scheme would facilitate the entities involved, to explore new avenues and would enhance the future growth prospects for the people and organizations connected with them. The restructuring activities under the scheme would unlock shareholders value and create long term value for all the stakeholders. Also, it would enable easy entrant of Strategic / Financial Investor into the Companies.

The Company accordingly filed a scheme of arrangement with the Hon'ble High Court of Madras for the demerger of Indian Terrain Division into Indian Terrain Fashions Limited (ITFL) and transfer of Bottoms Division on a going concern basis to Celebrity Clothing Limited (CCL), a 100% subsidiary, through slump sale.

Further, the Company also envisaged write off the accumulated losses against the existing reserves. The Scheme of Arrangement is under Section 391 to 394 read with Section 78 and Section 100 to 103 of the Companies Act. The Appointed date was on 1st April 2010.

The Honorable High Court of Madras, vide its order dated 16th August 2010 sanctioned the Scheme of Arrangement except to the extent of transfer of Bottoms Division into Celebrity Clothing Limited through slump sale. The Order became effective 3rd September 2010.

As per the Scheme, two shares of Indian Terrain Fashions Limited would be issued to shareholders of Company as on the record dated of 27th October 2010 for every seven shares held in the Company.

Accordingly, the assets and liabilities pertaining to the domestic

division as on 1st April 2010 was transferred to Indian Terrain Fashions Limited and the excess of assets over liabilities relating to the Domestic Division has been adjusted against the existing reserves as per the provisions of the Scheme of Arrangement. Further the investment in Indian Terrain Fashions Limited existing prior to the date of demerger was cancelled and taken to Capital Reserve as per the provisions of the Scheme.

However the Company did not envisage transfer of Bottoms division to Celebrity Clothing Limited. One of the main objects to transfer was to facilitate easy entry of Strategic / Financial Investor. The same did not materialize and in the absence of the same having two different entities would only result in additional costs and administrative inconvenience.

Hence the Board of Directors of the Companies decided to withdraw the proposal of transfer of Bottoms Division and retained the same with the Company. The Honorable High Court of Madras, on submission of requisite affidavits by the Companies and pursuant to Clause 25 of the Scheme of Arrangement approved the modification to the Scheme of Arrangement.

Further, the Company has written off a portion of the Accumulated losses as on 31st March 2010 against the securities premium account and other reserves to the extent available as per the provisions of the Scheme.

The Company, in the Scheme, also proposed to fair value its immovable properties on 1st April 2010 and record the premiums under revaluation reserve. Though the Honorable High Court of Madras has sanctioned the fair valuation, the Company did not pursue the same.

The Company's networth was fully eroded as on 31st March 2010 under the provision of Sick Industrial Companies Act (SICA). Accordingly the Company filed a reference with the Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of SICA. The reference was taken into consideration by BIFR and upon submissions made and material on record, BIFR has declared the Company as a Sick Industrial Company under section 3(1)(o) of SICA vide its order dated 19th April 2011. BIFR has given directions to the lenders and to the Company to submit a Rehabilitation Scheme as per Section 18 of SICA.

As at the year end, the accumulated losses of the Company have resulted in erosion of networth of the Company.

The Accounts of the Company have been prepared on the basis of 'going concern concept' despite negative networth as on 31st March 2011 in view of the various strategic initiatives that the Company is exploring and also considering the proposed Rehabilitation Scheme to be submitted to BIFR. The Management is confident of being able to continue and operate the business and bring positive results in future.

Financial Highlights – Rs. In Crs

	FY 2010-11	FY 2009-10
Income From operations	188.69	294.09
Gross Profit / (Loss) before interest and depreciation	3.54	8.37
Interest	14.29	18.98
Profit / (Loss) before depreciation and tax	(10.75)	(10.61)
Depreciation	8.76	9.94
Profit / (Loss) before Extra-Ordinary Income	(19.51)	(20.56)
Extra-Ordinary Income	-	8.33
Profit / (Loss) before tax	(19.51)	(12.23)
Provision for Taxation	-	-
Profit / (Loss) after tax	(19.51)	(12.23)
Balance brought forward from previous year	(134.63)	(122.40)
Less: Accumulated losses written off pursuant to Scheme of Arrangement	102.39	-
Balance carried to Balance Sheet	(51.75)	(134.63)

Consequent to the demerger of the Domestic Division of the Company, the financial statements of the Company for the year ending 31st March 2011 does not include the operations of the Domestic Division business and is therefore not strictly comparable with the figures of the previous year ended 31st March 2010.



Operational Highlights

The Company has recorded total revenues of Rs.189 crs with EBITDA at Rs.3.54 crs.

During the year under review the Company has taken certain bold initiatives by dropping some of the low margin customers. The first half of the year witnessed unutilized capacities on account of the same.

The Company from the second half of the financial year has started focusing on markets beyond US, mainly Europe which yielded significant margin improvements. Also, the Company dedicated a portion of its capacities to Domestic Business (on Jobwork Basis) which though does not add much to the Top line of the Business still yield good margins.

A complete rejig was made to the Business as a whole and the Company has now built a platform with a much experimented business mix and improved production efficiencies.

The Company has let out its property at Chrompet to one of the Hospitals from 1st April 2010 at a rental income of Rs.1.50 crs per annum. The rental income is being utilized to repay the bank borrowings.

The Company has sold one of its non-operational properties during the year under review. The sale has fetched a gain of Rs.6.81 crs.

Finance and Accounts

The company has incurred Loss for the year and hence there is no provision for Income Tax. The company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act 1956.

The Company is in receipt of Rs.2.34 crs as TUF Interest subsidy during April 2011. The Company will account the same on Cash basis during FY 2011-12.

Share Capital

State Bank of India, in its Sanction letter dated 23rd December 2008 has stipulated that the Promoters will have to bring in Rs.5 crs in phases as contribution towards equity. The promoters / directors have brought in their second tranche of Rs.3.08 crs during March 2010 and April 2010.

The Company has gone for a preferential allotment of 13,71,326 equity shares at Rs.22.46 per share to Celebrity Connections (wherein Mr. V. Rajagopal and Mrs. Rama Rajagopal, the promoter directors are partners), Mr. V. Rajagopal, Chairman of the Company and Mr. S. Surya Narayanan, Managing Director of the Company during August 2010. The allotment was approved by the Shareholders in

the Extra-Ordinary General Meeting held in August 2010.

Further, pursuant to ESOP Scheme, the Company has allotted 20,000 equity shares on conversion of options exercised by employees.

Consequent to the above, the Share Capital of the Company has increased by Rs.1.39 crs.

Dividend

In view of the business loss for the year, 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 in the current Challenging Scenario. The Company has an excellent young energetic team

Directors

The Shareholders approved the re-appointment of Mr. V. Rajagopal as Managing Director of the Company with a monthly Remuneration of Rs.2,00,000/- (Rupees Two lakhs only) in accordance with the requirements of Schedule XIII of the Companies Act, 1956 in the Annual General Meeting held in September 2010. Mr. V. Rajagopal is also the Managing Director of Indian Terrain Fashions Limited (Demerged Entity).

Pursuant to the Demerger of the domestic division, from the Company, the Board of Directors felt the need for separate Managing Directors for greater focus on the operations of the two different companies. Hence the Board recommended and unanimously approved the appointment of Mr. S. Surya Narayanan as the Managing Director of the Company w.e.f 29th March 2011 and with a monthly remuneration of Rs.2,00,000/- (Rupees Two lakhs only) subject to the approval of the Shareholders in the ensuing Annual General Meeting.

Consequent to the appointment of Mr. S. Surya Narayanan as Managing Director of the Company, Mr. V. Rajagopal has resigned from the position of Managing Director of the Company with effect from 29th March 2011. Mr. V. Rajagopal continues to be the Chairman of the Company.

Pursuant to Section 255 of the Companies Act, 1956, Mr. N.K. Ranganath and Mrs. Nidhi Reddy, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 re-appointment.

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

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 2011, 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) 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.16,972.07 lakhs

Total Foreign exchange outgo

Rs. 4,520.76 lakhs

Employee Stock Option Plan

The Company has granted Employee Stock Options under Plans ESOP Scheme 2005, ESOP 2007 and ESOP 2007 (2) and in accordance with SEBI ESOP Guidelines. As at the year end, there are no Options outstanding. The details of Options allotted / exercised / lapsed / surrendered forms part of the Notes to Accounts to the Financial Statements [Note II (10)].

Appreciation

The Directors are sincerely thankful to you – the esteemed shareholders, customers, business partners, financial / investment institutions and commercial banks 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. The Directors thank the Banks, particularly State Bank of India for all their sustained support throughout the journey of the Company.

For and on Behalf of the Board

V. RAJAGOPAL

Chairman

Chennai, 30th May 2011

“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. Rajagopalan
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 interalia for the purpose of Regulation 3(1)(e) of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

For Celebrity Fashions Limited

Date : 30th May 2011

Place : Chennai

S.Surya Narayanan

Managing Director



Management Discussion and Analysis – 31st March 2011

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

It's very much a case of déjà vu with 2010- 11 ending pretty much the way it started, with a rally in markets and a recovery in the world economy. That's not to say it's been an easy or enjoyable ride. 2010- 11 has been a real roller coaster. At the beginning of the year, it looked like we were in for a decent recovery and people began to anticipate interest rate rises and the central banks initiating exit strategies from their loose monetary policies.

But by the springtime, the euro crisis had erupted; the world economy showed signs of slowing down and any optimism soon faded. Talk began to move towards a double dip and what the authorities could do in terms of more stimulation. As we approach the end of the year, with more quantitative easing coming through, we're beginning to see the recovery pick up again and markets have revived.

Austerity is going to be the big theme of 2011-12, easily taking pole position as the main barrier to global growth. The focus will continue to be on the peripheral parts of Europe – Greece, Ireland, Spain and Portugal. In particular, the impact of needing to unwind some of the huge borrowing they've amassed over the last decade. This tightening of fiscal policy is going to be a headwind to global growth, but particularly in the UK and Euro zone where we expect to see a slowdown in economic activity. It's a key question as to whether they can withstand tightening of fiscal policy.

The exception to that austerity is in the US, where we're looking at an extension of tax cuts. There's very little debate there at the moment about fiscal tightening.

Going into 2011-12, the global recovery is expected to continue, but especially in the US, which has been boosted by strong profits and healthy balance sheets in the corporate sector. This should see increased capital expenditure and employment, raising growth in the world economy as confidence returns to US consumers. In emerging markets, an enviable fiscal position capable of increasing expenditure in infrastructure will continue to boost growth.

The global economy is projected to expand by 4.2 per cent this year, but rising oil and commodity prices and European debt

crisis could hurt the overall recovery, according to Paris-based think-tank OECD (Organization for Economic Cooperation and Development). In contrast to advanced economies, emerging markets are forging ahead. China's output is projected to average just short of 10% in 2011-12, thanks to strong domestic demand. India's growth should regain its trend of around 8.5% from mid-year, while Brazil, Indonesia and South Africa will also continue strong. In the OECD areas, some emerging economies, such as Mexico, Turkey and Poland, are also contributing with higher rates of growth.

But emerging markets also face policy challenges of their own. For instance, inflationary pressures are appearing in Brazil, China and India, while India has to tackle its fiscal deficit. There is also a growing need for these countries to focus more spending on social goals, and on advancing the structural reform agenda.

Now let us look at the Indian garment sector.

US and Europe together account for about 65 percent of India's total garment exports. According to AEPC the garment exports' growth is expected to continue in 2011-12. India's garment industry serves as a source of livelihood for around seven million people, 50 percent of whom are employed in the export sector.

The 2010-11 fiscal saw garment exports move up by 4.4 percent to US\$ 11.1 billion, over the previous fiscal. This increase in country's overall apparel exports can be attributed to soaring demand from the US and the European markets. In the post-recession period, the demand from these markets has increased and the positive trend expected to continue throughout the 2011-12 fiscal.

In the current fiscal, apparel exports are expected to touch US\$ 14 billion, as sizeable orders are flowing in, not only from the traditional western markets, but also from new markets like Latin America.

The global economy recovery and improved markets were welcome signs in the second half of the period under review. Your Company continued to improve its growth in the Export market backed by aggressive marketing and production efficiencies with focused penetration in the key markets.

The Company has recorded total Revenues of Rs.189 crores for the year including other Operating Revenues as against Rs.214 crores recorded during the previous year.

Opportunities and Threats

The decision to allow export of an additional one million bales of cotton this year by the government has not gone down well with the garment exporters. The demands put up by the industry



on duty drawback, removal of 10% excise duty on garment manufacturers, two per cent interest subvention and restructuring of repayment of loans has been kept pending.

With the Chinese textile and apparel sector grappling with high inflation and ascending labour costs, American importers are making a beeline for India. Sales enquiries are up by 15%, raising hopes of India eating into Chinese market share. China accounts for almost a third of global clothing trade. India on the other hand has 4% share. Even the European apparel market has turned towards India. There has been up to 15% increase in order booking position from EU countries. According to Mr. Premal Udani, Chairman of AEPC, the global apparel importers are gradually shifting from China and placing orders with India. However this will be slow process as global buyers who are placing orders for the first time with India will test out Indian suppliers in terms of quality first before putting orders. But there is obviously an opportunity to grab for Indian exporters.

Strengths of the Indian Textile Industry

India's biggest strength lies in its big pool of cheap and talented workforce. However, apart from it there are few other important factors which contributes to its strength like

- Huge Domestic Market consumption (due to its own population).
- Tremendous Export Potential (Indian products are in great demand among the western importers)
- The new age creative and risk taking entrepreneurs.
- Use of latest technology which produces high quality multi-fiber raw material.
- Supportive government policies.

The Indian Textile Industry has its fair share of weakness like

- The increased global competition due to WTO policies.
- Use of outdated manufacturing technology from the low end suppliers.
- Inefficient supply chain management.
- Additionally, this sector is still unorganized at many levels and needs a lot of government reforms for further improvisation.

Opportunities

The western countries are now setting up their manufacturing units in India which single handedly opens up a wide array of possibilities for all the stakeholders within the textile industry.

Experts believe that the golden era of Chinese textile and apparel

exports is over and the production base of global textiles is gradually shifting from China to India, Pakistan, Bangladesh and other low cost destinations.

Threats

Even though experts claim that China is past its glorious days, still one cannot afford to take China lightly and has to keep in mind the capability of Chinese exporters to supply quality products at cheap prices. Indian textile exporters cannot afford complacency and need to be on their toes for any changes within the international trade community.

Outlook

Global textile production has witnessed the growth of an astounding 25 percent in the last decade. Asian markets will continue to spearhead the growth of the textile industry in the years to come and the textile industry could go beyond the current \$500 billion mark any time soon.

With challenges being posed constantly, there is a need to continuously evolve. The Indian garment sector must look into expanding to new markets. Countries of the likes of Australia and Japan have still not been targeted aggressively.

In a recent report published by Fitch Ratings, the outlook for Indian textile companies is stable for 2011, on the back of robust domestic demand, sluggish-yet-steadily-growing export demand and an overall improvement in their credit policies. However, Fitch's outlook for Indian garment exporters is negative to stable, as they continue to face challenges of rupee appreciation against the USD. The agency expects volume gains to be partly offset due to lower rupee revenues leading to low-to-moderate single-digit export revenue growth for garment exporters in 2011.

To move ahead and increase the volume of Indian exports, Indian manufacturing need to get more advanced technically. Investing further in automation, engineering, world class manufacturing process, software for ERP would be a good bet ahead. Further, the industry needs more vertical integration, which it is slowly and surely attaining, but the numbers are still on the lower end.

Operational Review of the Company

The Company undertook a major restructuring exercise during the year under review by demerging the Domestic Business, Indian Terrain into a Separate Listed Entity. The Appointed date of Demerger was 1st April 2010 and the Honorable High Court of Madras vide its Order dated 16th August 2010 has sanctioned the Demerger of Indian Terrain business. The Order became effective 3rd September 2010. Accordingly, the financial results of Current

Year are not strictly comparable with that of the Previous Year.

This Demerger exercise has facilitated both the Companies to have exclusive focus in the respective businesses and also has unlocked the Shareholders' Value.

Apart from the above business rejig, the Company has initiated various strategies during the year on the business front. The Company has shifted its focus from some of its high volume low margin businesses and has penetrated into European Market. The European Customers are known for their increased margins. But at the same time, these businesses will have its impact on the production volume since the complexities involved in these garments are relatively high. The latter half of the financial year has witnessed dominance of these High Margin Customers and the Gross Margins have significantly improved during the same period.

Your Company feels immense pleasure to inform that the Company was awarded for the "Outstanding Export Performance" for the year 2008-09 in the SEZ Category (Non-SSI Readymade Garments), for the third consecutive year.

During the Year under review the Company has also sold one of the non-operational immovable properties, the sale proceeds of which have gone towards the repayment of Debts of the Company.

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

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 30% of its Exports.

Interest Rate Risk

The Interest rate regime has been continuously on the hike mode for the past several quarters. This is giving pressures on the

Company's Interest Burden.

The Company's Bankers has sanctioned a re-structuring package wherein the interest rates are at concessional levels. But 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 others and the same is taken care through regular monitoring and corrective mechanisms.

Financial Performance

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

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

Highlights Rs. In lakhs	2010-2011	2009-2010
Income From operations	18,869.15	29,408.95
PBITD	354.54	1,669.38
Interest	1,429.55	1,897.81
PBDT	(1,075.01)	(228.43)
Depreciation	875.85	994.35
Profit/ (Loss) Before Tax	(1,950.86)	(1,222.78)
Provision for Taxation	-	-
Net Profit / (Loss) after Tax	(1,950.86)	(1,222.78)

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 receives top priorities. The Company had about 4500 employees as on 31st March 2011.



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.

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 2011, 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: 30th May 2011

Place: Chennai

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 five 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 and independent directors to ensure proper governance and Management.

During the financial year ended 2010-11, the Board consisted of Five Directors. Mr.V.Rajagopal is the Chairman and Mr. S. Suryanarayanan is a Managing Director and Mrs. Rama Rajgopal, Director. Two Directors viz., Mr. N.K. Ranganath and Mrs.Nidhi

Reddy are non executive Independent Directors. The number of independent directors on the Board is short by one, and will be appointed in the coming financial year.

April 2010, 11th May 2010, 4th June 2010, 30th June 2010, 12th July 2010, 9th August 2010, 13th August 2010, 27th August 2010, 24th September 2010, 9th October 2010, 12th November 2010, 14th February 2011 and 29th March 2011.

Board Meetings

During the financial year 2010-11, the Board met 13 times on 30th

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 2010 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	13/13	Yes	2	1	-
Mrs.Rama Rajagopal Executive Director	Executive / Promoter	7/13	Yes	2	-	-
Mr.S.Surya Narayanan Managing Director	Executive	10/10	Yes	2	2	-
Mr.P.S.Raman Director	Independent Non Executive	0/9	No	1	2	-
Mr.N.K.Ranganath Director	Independent Non Executive	11/13	Yes	3	1	1
Mrs.Nidhi Reddy Director	Independent Non Executive	9/13	Yes	-	1	1

Notes:

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

*** Only membership of audit committee, shareholders / investors grievance committee and remuneration committee has been taken into consideration.

Access to information and updation to Directors

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

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 three members Mr.N.K.Ranganath, Non-executive independent director as its Chairman, Mr.S.Surya Narayanan and Mrs.Nidhi Reddy as its members. All the members of the Committee have excellent financial and accounting knowledge.

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

The Committee met 5 times on 30th April 2010, 28th May 2010, 13th August 2010, 12th November 2010 and 4th February 2011 during the financial year ended 31st March 2011.

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, Mrs.Nidhi Reddy as its Chairman, Mr.P.S.Raman and Mr.N.K.Ranganath as its members. Mr. P.S.Raman resigned on 30.09.2010 and position is vacant, which is yet to be filled.

During the year ended 31st March 2011, the Remuneration and Compensation Committee met twice on 26th April 2010 and 13th August 2010.

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 2010-11, 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	Nil
Mr. N.K.Ranganath	38,000/-
Mrs. Nidhi Reddy	28,500/-

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

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

Name of the Director	Salary (Rs. in Lakhs)	Retirement Benefits	Total (Rs. in Lakhs)
Mr.V Rajagopal Chairman	24.00	Nil	24.00
Mr.S.Surya Narayanan Managing Director	12.20	Nil	12.20

In addition to the above, the whole time directors shall be entitled to suitable mediclaim policy for hospitalization and reimbursement of all actual medical expenses for themselves and their family to the extent not reimbursed under Mediclaim policy. They shall be entitled to telephone, fax and other communication facilities at their residence at company's cost. They are entitled to a fully maintained company car for company's business and the company shall pay the cost of vehicle, inclusive of driver. They shall also be entitled to reimbursement of all actual expenses or charges, including travel, entertainment and other out of pocket expenses incurred by them for and on behalf of the Company, in furtherance of its business and objects.

During the year under review, Mr. Charath Narsimhan, Chief Executive Officer had exercised 20,000 stock options granted to him under Employees Stock Option Plan 2005. The Company had allotted the aforesaid 20,000 Equity Shares at the exercise price of Rs.30 Per Share.

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, Mr.S.Suryanarayanan and Mrs.Nidhi Reddy as its members. During the year, the committee met once on 29.03.2011, wherein all the members of the committee were present.

Mr.V.V.Naresh, GM - Finance and Company Secretary was appointed as Compliance Officer by the Board of Directors at their meeting held on 06th September, 2005 pursuant to Clause 47(a) of the Listing Agreement.

Subsequent to his resignation on March 31, 2010, Mr. S. Surya Narayanan, Executive Director and Chief Financial Officer has assumed the role of Compliance Officer.

The Board has approved the appointment of Mr. G. Balaji as Company Secretary in its meeting held 4th June 2010.

Subsequent to his resignation on March 04, 2011, Mr. S. Surya Narayanan, Managing Director has assumed the role of Compliance Officer with effect from 29th March 2011.

The Company received no complaint during the year and no complaints pending to be resolved as on 31st March 2011.

Subsidiary Companies and Business Restructuring

The Company has floated two subsidiaries during the year 2009-2010 – Indian Terrain Fashions Limited (ITFL) which was incorporated on 29th September 2009 and Celebrity Clothing Limited (CCL), which was incorporated on 30th September 2009. The Company held 98.40% of the shares in ITFL and CCL is a 100% wholly owned

subsidiary. Both ITFL and CCL were incorporated in lieu of the Restructuring Scheme. During the year 2010-11 Indian Terrain –A division of Celebrity Fashions Limited demerged with Indian Terrain Fashions Limited, which got listed with stock exchanges during March 2011 and ceased to be a subsidiary company of Celebrity Fashions Ltd.

General Body Meetings

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

Financial year	Day and Date	Time	Venue
2009-10	Friday, 24th September 2010	10.30 A.M	Registered Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2008 – 09	Monday, 27th July 2009	10.30 A.M	Corporate Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2007 - 08	Thursday, 28th August 2008	10.30 A.M	Corporate Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.

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

AGM held on 24.09.2010

No Special resolution passed

EGM held on 5th August 2010

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

AGM held on 27.07.09

Preferential allotment of Equity Shares to the Promoter, Mr. V. Rajagopal, Chairman and Managing Director in accordance with SEBI (DIP) guidelines

AGM held on 28.08.08

1. Appointment of Ms. Anjali Rajagopal, daughter of Mr. V. Rajagopal and Mrs. Rama Rajagopal, Directors of the Company as Management Trainee
2. Appointment of Mr. Vidyuth Rajagopal, son of Mr. V. Rajagopal and Mrs. Rama Rajagopal, Directors of the Company as Management Trainee
3. Reduction in Remuneration payable to Mr. V. Rajagopal, Managing Director, Mrs. Rama Rajagopal, Executive Director and Mr. S. Surya Narayanan, Executive Director in accordance with Sections 198, 269 and 309 read with the provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956.

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 2011. The annual report contains a declaration to this effect signed by the Chairman & Managing Director 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 30th May 2011. 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 Ltd	National Stock Exchange of India Ltd
Phiroze Jeejeebhoy Towers,	Exchange Plaza, Block G,
Dalal Street,	Bandra Kurla Complex, Bandra (East),
Mumbai 400 001	Mumbai 400 051
Stock Code: "532695"	Stock Code: "CELEBRITY"

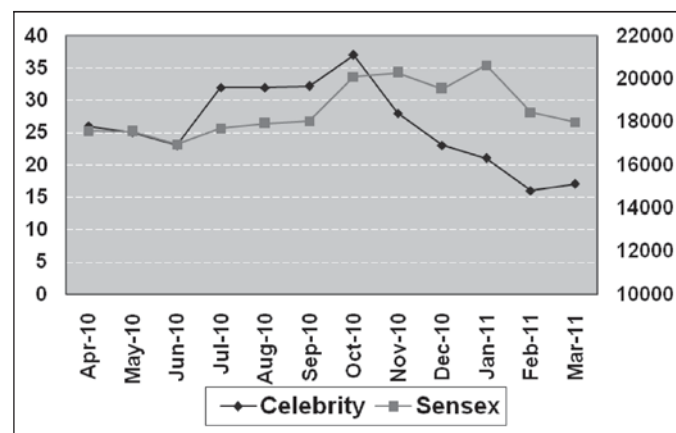
Market Price data

(Share price in Rs.)

Month	BSE	NSE				
	High	Low	Volume	High	Low	Volume
Apr-10	25.25	22.75	168909	25.20	22.85	195698
May-10	25.15	21.55	151503	24.95	21.75	108926
Jun-10	23.10	21.35	83257	23.40	21.30	66839
Jul-10	32.55	21.35	1325258	32.70	21.50	2207904
Aug-10	32.00	28.15	476572	32.00	28.25	708174
Sep-10	32.15	29.10	123916	32.50	29.00	154907
Oct-10	37.20	15.30	377628	37.95	15.40	400337
Nov-10	28.45	14.35	387363	28.70	14.60	733530
Dec-10	22.85	17.30	114931	22.85	16.90	101452
Jan-11	20.75	16.45	20480	20.85	16.15	39432
Feb-11	16.85	13.60	24120	18.85	13.00	64772
Mar-11	17.00	14.45	408403	18.95	12.80	718263

* 28th October 2010 was fixed as Record date for the eligibility to get ITFL shares as per demerger, hence the same reflected in the share price of Celebrity Fashions Ltd.

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:

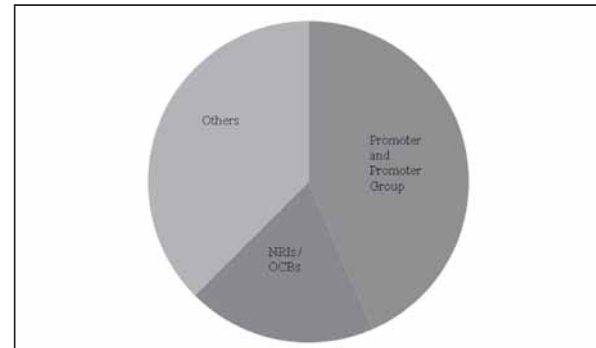
Distribution of Shareholding as on 31st March 2011 is as under:

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
0001-5000	1419260	14192600	7.26	13656	91.35
5001-10000	558164	5581640	2.85	691	4.62
10001-20000	472761	4727610	2.42	314	2.10
20001-30000	271888	2718880	1.39	108	0.72
30001-40000	161535	1615350	0.82	46	0.30
40001-50000	193532	1935320	0.99	41	0.27
50001-100000	364145	3641450	1.86	49	0.32
Greater than 100000	16093380	160933800	82.38	44	0.29
TOTAL			100.0000	14949	100.000

Shareholding Pattern as on 31st March 2011

Category	No. of Shares	Percentage
Promoter and promoter group		
Promoter and promoter group	9142781	46.80
Sub Total	9142781	46.80
NRIs/OCBs		
Foreign Company	3400000	17.40
Foreign Nationals	-	-
Non Resident Indians	51354	0.26
Sub Total	3451354	17.66
Others		
Clearing Members	64415	0.32
Private Corporate Bodies	2942941	15.06
Public	3933174	20.13
Sub Total	6940530	35.52
Total	19534665	100

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 2010, **19534495** 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 during the financial year 2010 - 11 under review.

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 – 601100
- No.72/1 and 72/2, Senneerkuppam Village, Poonamallee Bypass Road, Poonamallee, Chennai – 600 056
- No.70/2 & 3A, Selaiyur Agaram Road, Thiruvanchery, Chennai – 600 073

Address for correspondence

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

AUDITORS' REPORT

To the Members of,

CELEBRITY FASHIONS LIMITED

We have audited the attached Balance Sheet of **M/S CELEBRITY FASHIONS LIMITED** as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,

evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the annexure referred to in paragraph 2 above 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e) In view of the losses incurred by the Company during the year under review and the accumulated losses of the Company as at the year end, we have evaluated the appropriateness of the "going concern" assumption in accordance with SA – 570. In our opinion and on the basis of the information and explanations given to us, we report that we have obtained sufficient audit evidence to establish continuance of the Company as a going concern. The mitigating factors have been outlined in Note No.2 of the Notes on Accounts.
 - f) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on 31st March 2011 from being



appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting policies and notes thereon 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:

i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2011;

ii) in the case of the Profit and Loss Account of the loss for the year ended on that date ; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **ANIL NAIR & ASSOCIATES**

Chartered Accountants

(Registration No 175S)

G. ANIL

Partner

Membership No 22450

Place: Chennai

Date : May 30, 2011

for **CNGSN & ASSOCIATES**

Chartered Accountants

(Registration No. 4915S)

C.N. GANGADARAN

Partner

Membership No 11205

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 2 of the Auditor's Report of even date to the members of Celebrity Fashions Limited on the accounts for the year ended March 31st 2011)

(i). In respect of its Fixed Assets:

a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

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.

(ii). In respect of its Inventories

a) As explained to us the inventories of the Company have been physically verified by the Management during the year. In respect of inventories lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion the Company has maintained proper record of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

(iii).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 Act.

b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.

(iv). In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods. On the basis of our examination of the books and information and as per the explanations given to us, we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control.

(v). In respect of the contracts or arrangements referred to in Section 301 of the 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/arrangements entered in the Register maintained



under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 500,000/= in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.

- (vi). The Company has not accepted any deposits from the public. Accordingly paragraph 4(vi) of the Order is not applicable.
- (vii). The Company has an internal audit system, which in our opinion is commensurate with the size and nature of its business.
- (viii). According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. Accordingly paragraph 4(viii) of the Order is not applicable.
- (ix).a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues applicable to it.
 - b. According to the information and explanations given to us, except for income tax amounting to Rs 4,150,227 relating to the assessment year 2004-05, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March 2011 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 particulars of the outstanding dues that have not been deposited on account of disputed matters pending before the appropriate authorities are as under:

Name of the Statute	Nature of Dues	Period to which the amount relate	Forum where dispute is pending	Amount (Rs. In Lacs)
Income Tax Act, 1961	Income Tax Demand	AY 2003-04	Pending before the Assessing officer for re-assessment	5.26
Income Tax Act, 1961	Income Tax Demand	AY 2004-05	Pending before the Income Tax Appellate Tribunal	9.61*

Income Tax Act, 1961	Income Tax Demand	AY 2006 -07	Pending before the Assessing Officer for giving effect to the Order of the Commissioner of Income Tax (Appeals)	26.39
Income Tax Act, 1961	Fringe Benefit Tax Demand.	AY 2007-08	Pending for rectification before the Assessing Officer	6.99

*dues relate to a partnership firm whose assets and liabilities were taken over by the Company in an earlier year.

- (x). *The accumulated losses of the Company are in excess of 50% of the net worth of the Company as per the Balance Sheet as at the end of the financial year covered by our audit. The company has incurred a cash loss in the current financial year, and also in the immediately preceding financial year. The accumulated losses have totally eroded the networth and the Company has been declared a Sick Industrial Company in accordance with the provisions of the Sick Industrial Companies Act, by the Board for Industrial and Financial Reconstruction.*
- (xi). *In our opinion and according to the information and explanations given to us during the year under review the Company has defaulted since November 2010 in repayment of interest dues to HDFC Bank Limited amounting in all to Rs 51.10 lakhs.*
- (xii). The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly paragraph 4(xii) of the Order is not applicable.
- (xiii). In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly paragraph 4(xiii) of the Order is not applicable.
- (xiv). The Company has maintained proper records of the transactions and contracts in respect of dealing in other investments and timely entries have been made therein. All investments have been held by the Company in its own name.
- (xv). 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. Accordingly paragraph 4(xv) of the Order is not applicable.

- (xvi). According to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii). 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 short term basis have not been used for long-term investment.
- (xviii). The Company has during the year made preferential allotment of shares to a party, 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 prices at which such shares have been issued is not prejudicial to the interests of the Company.
- (xix). The company did not have any outstanding debentures during the year.
- (xx). The company has not raised any money by public issue during

the year. Accordingly paragraph 4(xx) of the Order is not applicable.

- (xxi). During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, 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
(Registration No 175S)

G. ANIL

Partner

Membership No 22450

Place: Chennai

Date : May 30, 2011

for **CNGSN & ASSOCIATES**

Chartered Accountants
(Registration No 4915S)

C.N. GANGADARAN

Partner

Membership No 11205

Balance Sheet as at 31st March 2011

Rs. In lakhs

Particulars	Sch #	As At 31-Mar-11	As At 31-Mar-10
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	1,953.47	1,814.33
Share Application Money		-	25.00
Reserves & Surplus	2	204.87	11,660.39
		2,158.33	13,499.72
Loan Funds			
Secured Loans	3	15,340.19	19,547.92
		15,340.19	19,547.92
Total		17,498.52	33,047.65
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	12,434.29	14,445.76
Less: Depreciation		4,343.44	4,613.06
Net Block		8,090.86	9,832.70
Investments	5	730.00	9.92
Current Assets, Loans & Advances			
A) Current Assets			
Inventories	6	2,285.87	4,995.80
Sundry Debtors	7	2,745.97	5,976.43
Cash and Bank Balances	8	760.27	1,909.54
Other Current Assets	9	163.25	226.98
Loans & Advances	10	1,547.60	2,218.80
		7,502.95	15,327.54
B) Less: Current Liabilities & Provisions			
Current Liabilities	11	3,002.42	4,587.74
Provisions	12	997.38	997.38
		3,999.80	5,585.12
Net Current Assets		3,503.16	9,742.42
Profit & Loss Account	13	5,174.51	13,462.61
Total		17,498.52	33,047.65
Significant Accounting Policies and Notes on Accounts	23		

To be read with our report of even date

For Anil Nair & Associates

Chartered Accountants

Registration # 175S

G.Anil

Partner

Membership # 22450

Chennai, 30 May 2011

For CNGSN & Associates

Chartered Accountants

Registration # 4915S

C.N.Gangadaran

Partner

Membership # 11205

For and on Behalf of the Board

V. Rajagopal

Chairman

S. Surya Narayanan

Managing Director

Profit and Loss a/c for the Year ending 31st March 2011
Rs. In lakhs

	Sch #	31-Mar-11	31-Mar-10
INCOME			
Income From Operations	14	18,869.15	29,408.95
Other Income	15	884.64	113.41
Increase / (Decrease) In Stock	16	(776.04)	(76.16)
Total		18,977.76	29,446.20
EXPENDITURE			
Cost of Materials	17	11,352.79	16,824.42
Employees Costs	18	3,956.04	4,522.83
Other Manufacturing Costs	19	2,515.29	3,367.60
Administrative & Other Costs	20	388.78	1,185.06
Selling & Distribution Costs	21	410.32	2,709.66
Interest & Other Finance Costs	22	1,429.55	1,897.81
Depreciation		875.85	994.35
Total		20,928.62	31,501.72
Profit before Extra-Ordinary Income		(1,950.86)	(2,055.52)
Add / (Less): Extra - Ordinary Item		-	832.74
Profit Before Tax		(1,950.86)	(1,222.78)
Provision for Income Tax			
Current Tax		-	-
Deferred Tax -- liability / (asset)		-	-
Net Profit After Tax		(1,950.86)	(1,222.78)
Balance brought forward		(13,462.61)	(12,239.83)
Less: Written back pursuant to Scheme of Arrangement [Note No. II (1)]		10,238.97	-
Profit available for Appropriation		(5,174.51)	(13,462.61)
Appropriations			
Proposed Dividend		-	-
Corporate Dividend Tax on Proposed Dividend		-	-
General Reserve		-	-
Total Appropriations		-	-
Balance carried to Balance sheet		(5,174.51)	(13,462.61)
Basic and Diluted Earnings Per Share - In Rs.			
-- Before Extra-Ordinary Item		(10.28)	(11.40)
-- After Extra-Ordinary Item		(10.28)	(6.78)
Significant Accounting Policies and Notes on Accounts	23		

To be read with our report of even date
For Anil Nair & Associates
Chartered Accountants
Registration # 175S
G.Anil
Partner
Membership # 22450
Chennai, 30 May 2011
For CNGSN & Associates
Chartered Accountants
Registration # 4915S
C.N.Gangadaran
Partner
Membership # 11205
For and on Behalf of the Board
V. Rajagopal
Chairman
S. Surya Narayanan
Managing Director

Schedules annexed to and forming part of the Accounts
Rs. In lakhs

	As at 31-Mar-11	As at 31-Mar-10
SCHEDULE - 1		
SHARE CAPITAL :		
Authorized Capital:		
2,00,00,000 (Prev. Yr. 2,00,00,000) Equity Shares of Rs.10/- each	2,000.00	2,000.00
Issued, Subscribed and Paid up Capital :		
1,95,34,665 (Prev Yr 1,81,43,339) Equity Shares of Rs.10/- each	1,953.47	1,814.33
	1,953.47	1,814.33
The above includes -		
1) 8,74,500 shares issued as Bonus Shares during 1996-97 by capitalization of surplus in Profit and loss a/c;		
2) 1,99,835 shares allotted as fully paid-up, pursuant to a contract for consideration other than cash in April 2005 and		
3) 56,64,245 shares issued as Bonus Shares in August 2005, by capitalization of Surplus in Profit & Loss a/c		
SCHEDULE - 2		
RESERVES & SURPLUS :		
Capital Reserves		
Opening Balance	7.83	7.83
Less: W/o Pursuant to the Scheme of Arrangement [Note No. II (1)]	7.83	-
	-	7.83
Share Premium Account		
Opening Balance	11,546.31	11,518.88
Less: W/o Pursuant to the Scheme of Arrangement [Note No. II (1)]	11,546.31	-
	-	11,518.88
Received during the year	204.87	27.43
	204.87	11,546.31
General Reserve		
Opening Balance	43.51	43.51
Less: W/o Pursuant to the Scheme of Arrangement [Note No. II (1)]	43.51	-
	-	43.51
Fair Value of Employee Option		
	-	62.74
	204.87	11,660.39
SCHEDULE - 3		
SECURED LOANS :		
Working Capital facilities	1,149.69	3,017.88
Term Loans	12,325.43	14,345.01
Export Bills Discounted	1,865.07	2,185.03
	15,340.19	19,547.92

Schedule 4 - Fixed Assets

Rs. In lakhs

Sl	Particulars	Gross Block					Depreciation					Net Block	
		As on 01/04/10	Additions	Deductions	Transfer pursuant to Demerger	As on 31/03/11	As on 01/04/10	For the year	Deductions	Transfer pursuant to Demerger	As on 31/03/11	As on 31/03/11	As on 31/03/10
1	Land and Site Development	215.41	-	44.35	-	171.05	-	-	-	-	-	171.05	215.41
2	Buildings	2,829.32	57.48	215.41	-	2,671.39	854.77	93.84	158.65	-	789.96	1,881.44	1,974.56
3	Plant & Machinery	7,676.14	89.25	622.19	118.51	7,024.70	2,288.92	582.84	585.94	40.64	2,245.17	4,779.53	5,387.22
4	Electrical Installation	1,017.85	-	-	50.58	967.27	278.82	46.67	-	21.78	303.71	663.56	739.03
5	Office Equipments	210.64	0.80	-	27.00	184.44	43.54	8.67	-	7.29	44.92	139.52	167.11
6	Computers	765.92	24.05	1.16	83.66	705.15	596.30	67.13	1.02	58.30	604.10	101.05	169.62
7	Computer Software	222.17	-	-	28.18	193.99	126.33	31.45	-	11.81	145.97	48.02	95.83
8	Vehicles	174.23	-	75.91	84.65	13.67	69.94	15.39	39.55	39.94	5.84	7.83	104.29
9	Furniture & Fixtures	1,334.06	-	-	831.43	502.63	354.44	29.88	-	180.55	203.77	298.86	979.63
	Total	14,445.76	171.58	959.03	1,224.01	12,434.29	4,613.06	875.85	785.17	360.30	4,343.44	8,090.86	9,832.70
	Previous Year	15,012.71	105.73	672.69	-	14,445.76	4,229.02	994.35	610.31	-	4,613.06	9,832.70	10,783.69

Schedules annexed to and forming part of the Accounts

Rs. In lakhs

	As at 31-Mar-11	As at 31-Mar-10
SCHEDULE - 5		
INVESTMENTS		
(At Cost unless otherwise stated)		
Long Term Investments - Unquoted		
- Celebrity Clothing Limited	5.00	5.00
- Indian Terrain Fashions Limited	-	4.92
Current Investments - Mutual Funds		
SBI Magnum Insta Cash Fund (Liquid - Growth)	725.00	-
(33,30,255.7717 units with Face Value at Rs.10 per unit and Market Value at Rs.21.7701 per unit)		
	730.00	9.92
SCHEDULE - 6		
INVENTORIES :		
(As certified by the Management)		
Raw Materials	842.26	1,050.05
Trims and Packing Materials	295.86	560.36
Consumables	71.18	77.39
Work-in-Progress	83.31	327.71
Finished Goods / Traded Goods	790.51	2,797.59
Stock in Transit	202.76	182.70
	2,285.87	4,995.80



Schedules annexed to and forming part of the Accounts

Rs. In lakhs

	As at 31-Mar-11	As at 31-Mar-10
SCHEDULE - 7		
SUNDRY DEBTORS :		
More than six months - unsecured & considered good	-	382.71
Others	2,745.97	5,593.72
	2,745.97	5,976.43
SCHEDULE - 8		
CASH AND BANK BALANCES :		
Cash on hand	175.99	5.25
Balance with Scheduled Banks		
in Current Account	174.46	1,343.99
in deposit Account	409.82	560.30
	760.27	1,909.54
SCHEDULE - 9		
OTHER CURRENT ASSETS :		
Duty Drawback receivable	77.87	93.80
Cenvat Receivable	26.58	26.58
Service Tax Receivable	35.04	71.55
Interest Receivable on Fixed Deposit	22.61	34.24
Prepaid Expenses	1.15	0.82
	163.25	226.98
SCHEDULE - 10		
LOANS AND ADVANCES :		
Advance Recoverable in cash or in kind for value to be received	144.51	324.36
Advance Income Tax	1,025.98	1,026.14
Tax Deducted at Source	98.88	56.50
Deposits-Government or Public Bodies	110.84	116.94
Deposits-others	167.39	694.87
	1,547.60	2,218.80
SCHEDULE - 11		
CURRENT LIABILITIES :		
Sundry Creditors		
- Trade	1,432.11	2,757.53
- Expenses & Others	654.17	820.25
Other Current Liabilities	916.14	1,009.96
	3,002.42	4,587.74
SCHEDULE - 12		
PROVISIONS :		
Provision for Income Tax	997.38	997.38
	997.38	997.38

Schedules annexed to and forming part of the Accounts
Rs. In lakhs

	As at 31-Mar-11	As at 31-Mar-10
SCHEDULE - 13		
PROFIT & LOSS ACCOUNT :		
Opening Balance	13,462.61	12,239.83
Less: Written back pursuant to Scheme of Arrangement [Note No. II (1)]	10,238.97	-
	3,223.65	12,239.83
Add: Additions during the year	1,950.86	1,222.78
Closing Balance	5,174.51	13,462.61
SCHEDULE - 14		
INCOME FROM OPERATIONS		
Export Sales	16,972.07	20,871.44
Domestic Sales	118.11	8,037.00
Export Incentives	616.71	624.40
Exchange Fluctuation Gain / (Loss)	(331.01)	(123.88)
Other Operating Income	1,493.27	-
	18,869.15	29,408.95
SCHEDULE - 15		
OTHER INCOME :		
Interest Accrued / Received on Fixed Deposits	52.27	34.94
Profit on Sale of Assets	680.75	-
Others	151.62	78.47
	884.64	113.41
SCHEDULE - 16		
INCREASE/(DECREASE) IN STOCK :		
Closing Stock		
- Finished Goods / Traded Goods	790.51	2,797.59
- Stock in Process	83.31	327.71
Opening Stock less Stock Transferred pursuant to Demerger		
- Finished Goods / Traded Goods	1,462.69	3,014.18
- Stock in Process	187.16	187.28
INCREASE / (DECREASE) IN STOCK	(776.04)	(76.16)
SCHEDULE - 17		
COST OF MATERIALS :		
Opening Stock of Raw materials less Stock Transferred pursuant to Demerger	1,257.11	1,451.43
Add: Purchases		
-- Rawmaterials (Including Packing Materials)	11,213.46	15,997.63
-- Finished Goods	20.34	985.77
Less: Closing Stock of Raw Materials	1,138.12	1,610.41
	11,352.79	16,824.42

Schedules annexed to and forming part of the Accounts
Rs. In lakhs

	As at 31-Mar-11	As at 31-Mar-10
SCHEDULE - 18		
EMPLOYEE COSTS :		
For Factory Staff		
Wages, Salaries, Bonus & Exgratia	3,035.30	3,280.58
Statutory Contributions	360.19	384.67
Welfare Expenses	155.99	158.01
For Other Staff		
Salaries, Bonus & Exgratia	376.19	628.08
Statutory Contributions	18.50	36.54
Welfare Expenses	9.86	34.97
	3,956.04	4,522.83
SCHEDULE - 19		
OTHER MANUFACTURING COSTS :		
Garment Processing & Washing Charges	847.39	1,237.81
Power & Fuel	502.24	563.87
Consumables Stores	107.25	190.72
Other Manufacturing and Operating Expenses	1,058.41	1,375.19
	2,515.29	3,367.60
SCHEDULE - 20		
ADMINISTRATIVE & OTHER COSTS :		
Rent, Rates and Taxes	4.15	445.49
Consultancy Charges	118.52	139.25
Traveling & Conveyance	101.81	212.51
Printing & Stationery	9.45	23.80
Repairs & Maintenance	6.53	35.51
Vehicle Fuel & Repairs	12.19	22.49
Power & Fuel	-	50.19
Insurance	26.73	37.95
Communication Expenses	39.83	122.00
Auditors' remuneration		
- Statutory Audit	4.00	8.00
- Tax audit fees	0.60	0.60
- Certification and Reimbursement of Expenses	1.92	3.62
Remuneration to Directors	36.20	72.00
Books, Periodicals & Subscriptions	17.76	5.24
Corporate Expenditure	9.09	6.40
	388.78	1,185.06

Schedules annexed to and forming part of the Accounts
Rs. In lakhs

	As at 31-Mar-11	As at 31-Mar-10
SCHEDULE - 21		
SELLING & DISTRIBUTION COSTS :		
Advertisement	7.47	581.30
Selling Commission & Discounts	16.03	1,206.03
Bad Debts written off	-	53.94
Entertainment & Sales Promotion Expenses	3.55	119.00
Claims	13.75	45.87
ECGC Premium	120.75	134.02
Export Expenses	1.54	1.05
Showroom Maintenance	-	62.48
Shipping Charges	247.23	505.98
	410.32	2,709.66
SCHEDULE - 22		
FINANCE COSTS :		
Interest - Term Loan	1,063.59	1,084.34
Interest - Working Capital & Others	229.42	631.70
Bank Charges	136.54	181.77
	1,429.55	1,897.81

Schedule # 23 to the Balance Sheet Dated 31st March 2011
Significant Accounting Policies and Notes on Accounts
I. SIGNIFICANT ACCOUNTING POLICIES:
1 Accounting Convention:

The Financial Statements are prepared on accrual basis and in accordance with the requirements of the Companies Act, 1956 and the applicable Accounting Standards.

2 Fixed 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 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.

4 Revenue 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.

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.



Schedule # 23 to the Balance Sheet Dated 31st March 2011

5 Foreign Currency Transactions

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 as 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.

The Company has the policy of accounting the profits and losses from Derivative Contracts on Cash basis.

6 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.

7 Accounting of Government Grants:

Government grants are recognized where it is reasonably certain that the ultimate collection will be made and the same is accounted on Cash Basis.

We have not received any Interest Subsidy during the year.

Capital grants were neither received nor accrued.

8 Employees' Benefits:

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 Revised Accounting Standard 15.

9 Employee Stock Option Scheme:

The employee compensation costs for the Stock Option Schemes is recognized in accordance with the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India.

The Company calculates the compensation costs based on the fair value method. Fair Value of the Shares means value determined by the Management during the period the Company was unlisted. The excess of fair value over the exercise price of the options given to employees under the employee stock option schemes of the Company is recognised as deferred stock compensation cost and amortised over the vesting period on a straight line basis.

10 Segmental Reporting:

The Company has only one business Segment - Manufacturing and Exporting of Ready-made Garments. Hence Segment reporting as defined in Accounting Standard - 17 is not applicable.

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 Income Tax assessments of the Company has been completed upto assessment year 2007-08. The disputed demands total in all to is Rs.124.28 lakhs. 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 for such demands.

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

Schedule # 23 to the Balance Sheet Dated 31st March 2011

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.

II NOTES ON ACCOUNTS:

Rs. In lakhs

SI.No.	Particulars	31-03-2011	31-03-2010
1	<p>Scheme of Arrangement</p> <p>Celebrity Fashions Limited was operating with Two Divisions namely Exports Division and Domestic Division. Exports Division is further divided into Tops Division and Bottoms Division. The Domestic Division operates under the Brand name, Indian Terrain.</p> <p>The Company filed a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the Scheme) to demerge the Domestic Division into a new Company, Indian Terrain Fashions Limited and hive-off the Bottoms Division of Exports to Celebrity Clothing Limited through a Slump Sale and on going concern basis. Further the Scheme also envisaged write off of accumulated losses of the Company against the Securities Premium Account to the extent available and/or against the General Reserves / Capital Reserves, if any, in accordance with Section 78 and Section 100 to 103 and other applicable provisions of the Companies Act, 1956 and /or any other regulations, as may be applicable. The Appointed Date of the Scheme was 1st April 2010.</p> <p>The Honorable High Court of Madras vide its order dated 16th August 2010, has sanctioned the Scheme in toto except to the extent of transfer of Bottoms Division of Exports to Celebrity Clothing Limited through Slump Sale. The Scheme became effective 3rd September 2010.</p> <p>In terms of the Scheme, the Share holders of the Company as on the Record Date of 27th October 2010 were eligible for 2 shares of Indian Terrain Fashions Limited for every 7 shares held in the Company.</p> <p>Consequent to transfer of the Domestic Division of the Company, the financial statements of the Company for the year ended 31st March 2011 does not include the operations of the Domestic Division business and is therefore not strictly comparable with the figures of the previous year ended 31st March 2010.</p> <p>All the assets and liabilities of the Domestic Division as on the appointed date of 1st April 2010 have been transferred to Indian Terrain Fashions Limited and the excess of assets over liabilities relating to the Domestic Business has been adjusted against the reserves in accordance with the terms of the Scheme. Further the investment in Indian Terrain Fashions Limited existing prior to the date of demerger was cancelled and taken to Capital Reserve in accordance with the Scheme. The Company did not envisage the hiving off of Bottoms Division of the Exports Division into Celebrity Clothing Limited on account of the following:</p> <p>The main object of hiving off the bottoms division was to facilitate easy entry of Strategic / Financial Investor. The same did not materialise and in the absence of the same having two different entities would only result in additional costs and administrative inconvenience. Hence the Board of Directors of the respective Companies decided to withdraw the proposal of hiving-off the Bottoms Division and accordingly the Honorable</p>		



Schedule # 23 to the Balance Sheet Dated 31st March 2011

Rs. In lakhs

SI.No.	Particulars	31-03-2011	31-03-2010
	<p>High Court of Madras upon filing of affidavits by the Companies has approved the modification to the Scheme of Arrangement vide Clause 25 of the Scheme.</p> <p>The accumulated losses as on 31st March 2010 were written off against the available Securities Premium A/c and General / Capital Reserves existing as on 1st April 2010 as per terms of the Scheme of Arrangement.</p> <p>The Company, in the Scheme, also proposed to fair value its immovable properties as on 1st April 2010 and record the premiums under revaluation reserve. Though the same was approved by Honorable High Court of Madras, the Company did not pursue the same.</p>		
2	<p>Erosion of Networth</p> <p>The Company's networth was eroded on 31st March 2010 under the provisions of Sick Industrial Companies Act (SICA). Accordingly the Company filed a reference with Board for Industrial and Financial Reconstruction (BIFR) under section 15(1) of SICA. The reference was taken by 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 has given directions to the lenders and to the Company to submit a Rehabilitation Scheme as per Section 18 of SICA. As at the year end the Accumulated losses have resulted in erosion of networth of the Company. The Accounts of the Company have been prepared on the basis of 'Going Concern Concept' despite negative net worth as on 31st March 2011 in view of the various strategic initiatives that the company is exploring and also considering the Rehabilitation Scheme to be submitted to the BIFR. The Management is confident of being able to continue and operate the business and bring positive results in future.</p>		
3	<p>Secured Loans:</p> <p>The loans under the Multiple Banking Arrangement have been secured as under:</p> <p>First 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.</p> <p>First Charge on paripassu basis by way of hypothecation of Company's current assets including stock and book debts against the Termloans extended by State Bank of India and HDFC Bank.</p> <p>Collateral Securities:</p> <p>First Charge to State Bank of India and Second Charge on to HDFC Bank for Termloans over the following assets:</p> <ul style="list-style-type: none"> * Entire Plant and Machinery - present and future * Land and building situated at 107-A, GST Road, Chrompet, Chennai * Factory land and building situated at Thiruvanchery, Agaram Road, Tambaram Taluk, Chennai * Factory land and building situated at 72/1, Poonamalle Bypass Road, Poonamalle, Chennai <p>Leashold rights of land and Factory building situated at plot SDF - IV & C2,3rd Main Road, MEPZ/SEZ, Tambaram, Chennai - 600045</p>	15,340.19	19,547.92

Schedule # 23 to the Balance Sheet Dated 31st March 2011

Rs. In lakhs

SI.No.	Particulars	31-03-2011	31-03-2010
	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. Further the Lease rental receivables from the property let out on lease are assigned to Termloan of State Bank of India.		
	Loans from HDFC Bank is further secured by Pledge of Promoters Shares in the Company to an extent of 8,00,000 Equity Shares and Personal Guarantee is limited to an extent of 8,00,000 Equity Shares in the Company.		
	Sanction letter from HDFC Bank pursuant to Demerger and Transfer of Limits to Indian Terrain Fashions Limited is pending to be received.		
4	Contingent Liabilities not provided for:		
	Guarantees given by Banks and are counter guaranteed by the Company.	-	2.15
	On account of Letters of credit issued by Bankers on behalf of the Company	571.65	2,041.16
	Claims against Company not acknowledged as debts, being Income Tax demand pending before Commissioner of Income Tax (Appeals) and Income Tax Appellate tribunal. Of this a sum Rs.34.50 lakhs has been Paid - categorized under Advance Income Tax.		
	The Banks have extended concessional interest rate for the Credit facilities sanctioned to the Company. As per the terms of the Sanction letter Banks have the right of recompense in future for the sacrifice extended upto 31st March 2011.	124.28	169.12
5	Deferred Tax:		
	Deferred Tax Liability on account of		
	Depreciation	197.77	266.86
	Deferred Tax Assets on account of		
	Business loss	(197.77)	(266.86)
	Deferred Tax Liabilities (Net)	-	-
	Deferred Tax assets on account of business loss has been restricted to Deferred tax liability		
6	The Company has not received any information/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 2011 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to such parties during the year is disclosed as Nil.		
7	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.		
8	Foreign Exchange Differences:		
	Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account	(338.62)	(128.46)
	Premium / (Discount) on Forward Foreign Exchange Contracts recognized	7.60	4.58
9	Other Income - Others:		
	Interest received on employees Loan	0.60	0.50
	Income from Investments in Mutual Funds	-	64.55
	Rental Income	150.00	-
	Miscellaneous Income	1.02	13.41
	Total	151.62	78.47



Schedule # 23 to the Balance Sheet Dated 31st March 2011

Rs. In lakhs

SI.No.	Particulars	31-03-2011	31-03-2010
10	Employee Stock Option Scheme - ESOP 2005, ESOP 2007 and ESOP (2) 2007		
	Pursuant to Employee Stock Option Scheme, 2005, 2007 and 2007 (2) employees have exercised their options and were allotted shares in 2010-11 as per the details given below:		
	Options outstanding at the beginning of the year	1,93,200	2,59,900
	Add: Granted during the year		
	Exercised during the year	20,000	7,500
	Allotted during the year	20,000	7,500
	Expired / lapsed / surrendered during the year	1,73,200	59,200
	Options outstanding at the end of the year	-	1,93,200
11	Earnings Per Share:		
	Net Profit for the year before Extra-Ordinary Item	(1,950.86)	(2,055.52)
	Net Profit for the year after Extra-Ordinary Item	(1,950.86)	(1,222.78)
	Weighted average number of Equity Shares outstanding	1,89,68,593	1,80,34,306
	Nominal Value per Share - Rs.	10.00	10.00
	Earnings per Share - Basic and Diluted		
	Before Extra-Ordinary Items - Rs.	(10.28)	(11.40)
	After Extra-Ordinary Items - Rs.	(10.28)	(6.78)
12	Managerial Remuneration:		
	The Shareholders have approved the re-appointment and payment of minimum remuneration under Section 198(4) read with Section II of Part II of Schedule XIII of the Companies Act, 1956 to Mr. V. Rajagopal at the Annual General Meeting held in September 2010.		
	Mr. V. Rajagopal is also the Chairman and Managing Director of Indian Terrain Fashions Limited.		
	Pursuant to the demerger of the domestic division, Indian Terrain, the Board of Directors felt the need for independent Managing Directors for the two different entities. Hence, the Board recommended and unanimously approved the appointment of Mr. S. Surya Narayanan as Managing Director of Celebrity Fashions Limited w.e.f. 29th March 2011 and with a remuneration of Rs.2,00,000/- (Two lakhs only) subject to the approval of the Shareholders in the ensuing Annual General Meeting.		
	Consequent to the appointment of Mr. S. Surya Narayanan as Managing Director, Mr. V. Rajagopal resigned from the post of Managing Director.		
	Mr. V. Rajagopal continues to be the Chairman of the Company.		
	The details of remuneration paid to the directors is as below:		
	Directors Remuneration	36.20	72.00
	Remuneration excludes:		
	1. Communication facilities at Residence of Directors		
	2. Company Car for Company's business including the Cost of the Vehicle, maintenance and chauffeur salary		
	3. Medical Insurance Premium		
	The Computation of Profits under Section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Directors.		

Schedule # 23 to the Balance Sheet Dated 31st March 2011
Rs. In lakhs

SI.No.	Particulars	31-03-2011	31-03-2010
13	Defined 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	90.98	89.76
	Fair Value of Plan Assets at the end of the Year	69.80	107.11
	Net Liability / (Asset)	21.18	(17.35)
	Amount Recognised in Profit and Loss Account in respect of gratuity		
	Current Service Cost	18.48	35.05
	Interest on Defined Benefit Obligations	7.18	8.77
	Expected Return on Plan Assets	(8.57)	(8.43)
	Net Actuarial (Gain) / Loss recognised during the Period	57.53	(27.21)
	Net Gratuity Cost	74.63	8.17
	Actual Return on Plan Assets		
	Expected Return on Plan Assets	8.57	8.43
	Actuarial Gain / (Loss) on Plan Assets	(2.61)	(2.12)
	Actual Return on Plan Assets	5.96	6.31
	Reconciliation of present value of obligation and the fair value of the plan assets		
	Opening Defined Benefit Obligation	89.76	116.88
	Current Service Cost	18.48	35.05
	Interest Cost	7.18	8.77
	Actuarial (Gain) / Loss	54.92	(29.33)
	Current Service Cost	18.48	35.05
	Benefit Paid	(79.36)	(41.60)
	Actuarial (gain) / loss on obligations	54.92	(29.33)
	Liability at the end of the Year	90.98	89.76
	Closing balances of Fair Value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the Year	107.11	112.40
	Expected Return on Plan Assets	8.57	8.43
	Employer Contributions	36.10	30.00
	Benefits Paid	(79.36)	(41.60)
	Actuarial gain/(loss) on Plan Assets	(2.61)	(2.12)
	Fair Value of Plan Assets at the end of the Year	69.80	107.11
	Actual Return on plan assets	5.96	6.31

Schedule # 23 to the Balance Sheet Dated 31st March 2011
Rs. In lakhs

SI.No.	Particulars	31-03-2011	31-03-2010
	Investment Details of Plan Assets		
	Money Market Instruments	100%	100%
	Principal Actuarial Assumptions at the Balance Sheet Date		
	Discount Rate	8.0%	8.0%
	Estimated Rate of Return on Plan Assets	8.0%	8.0%
	The estimates of future salary increases, considered in actuarial valuation taken account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		

14 Disclosure in respect of Related Parties pursuant to Accounting Standard 18
a Key Managerial Personnel:

Mr. V.Rajagopal

Mrs. Rama Rajagopal

Mr. S. Surya Narayanan

b Relatives of Key Managerial Personnel:

Mr. Suresh Rajagopal

Mr. Vidyuth Rajagopal

c Enterprises under Control or Significant Influence of Key Managerial Personnel:

M/s Celebrity Connections

M/s Celebrity Clothing Limited

M/s Indian Terrain Fashions Limited

d Transactions carried out with Related Parties during the Year

Nature of the Transaction	Key Managerial	Relatives of	Enterprises
	Personnel	Key	under
		Managerial	Same
		Personnel	Management
Managerial Remuneration	36.20		
	(72.00)		
Salary		12.30	
		(29.60)	
Consultancy Charges	8.00	5.00	
Jobwork Charges, Material Transfers and Administrative Expenses			1,910.32
Outstanding Balance as on 31.03.11			
Payable as Managerial Remuneration	2.20		
Sundry Receivable against Jobwork Charges and Material Transfers			513.67

Figures in brackets represent corresponding amount of previous year.



Schedule # 23 to the Balance Sheet Dated 31st March 2011

Rs. In lakhs

SI.No.	Particulars	31-03-2011	31-03-2010
15	Information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956		
	Rent (Included under Other Manufacturing Costs)	267.05	326.28
	Rent (Included under Administrative Costs)	-	438.50
	Rates and Taxes (Included under Other Manufacturing Costs)	24.57	8.21
	Rates and Taxes (Included under Administrative Costs)	4.15	6.99
	Tax Deducted at Source on Interest Accrued / Received on Fixed Deposits / Others	42.39	6.27
	Profit / (Loss) on Sale of Investments	-	64.55
II	Earnings in Foreign Currency:		
	Export of Goods - FOB Value	16,972.07	20,871.44
III	Expenditure in Foreign Currency:		
	a. Selling Commission & Consultancy Charges	16.03	31.82
	b. Travel	25.26	30.81
	c. Claims	13.75	45.87
	d. Interest	18.04	39.38
IV	CIF Value of Imported materials :		
	a. Raw materials	4,386.07	6,818.97
	b. Capital Goods	61.60	-
V	Value of Imported and Indigenous Raw materials consumed and percentage thereof to the total		
	Imported		
	Rs. In lakhs	4,654.65	6,729.77
	% to total	41.0%	40.0%
	Indigenous		
	Rs. In lakhs	6,698.15	10,094.65
	% to total	59.0%	60.0%
	Total	11,352.79	16,824.42
		100.0%	100.0%



Schedule # 23 to the Balance Sheet Dated 31st March 2011

Rs. In lakhs

Sl.No.	Particulars	31-03-2011	31-03-2010
VI	Details on Production, Turnover and Stocks		
	Particulars	Qty (In Pieces)	Amount (Rs In Lakhs)
	Class of Goods: Garments		
	Licensed Capacity *	N.A.	
	Installed Capacity **	54,00,000 (62,50,000)	
	Opening Stock	7,63,198 (8,26,410)	2,797.59 (3,014.18)
	Production	45,29,335 (63,75,710)	
	Closing Stock	2,04,851 (7,63,198)	790.51 (2,797.59)
	Stock transferred pursuant to Demerger	3,36,988	1,334.90
	Sales	47,50,694 (64,38,922)	18,583.45 (28,908.44)
	* Licensed Capacity - N.A. since ready made garments are not within the purview of industrial licensing requirements under the Industries Development & Regulations) Act, 1951.		
	** Installed Capacity is based on the standard product mix and is variable depending on the style and type garment and fabric. Figures in brackets represent previous year.		

16 Disclosure as per amendment to Clause 32 of the Listing Agreement

Loans and advances in the nature of Loans given to Subsidiaries, Associates and Others - 0.01
To be read with our report of even date

For Anil Nair & Associates

Chartered Accountants
Registration # 175S

G. Anil

Partner
Membership # 22450

Chennai, 30 May 2011

For CNGSN & Associates

Chartered Accountants
Registration # 4915S

C. N. Gangadaran

Partner
Membership # 11205

For and on Behalf of the Board

V. Rajagopal

Chairman

S. Surya Narayanan

Managing Director



Cashflow Statement for the year ending 31st March 2011

Rs. In lakhs

Sl. No.	Particulars	2010-11	2009-10
A	Cashflow from Operating Activities		
	Net Profit before Tax and before Extra-Ordinary Items	(1,950.86)	(2,055.52)
	Adjustments for:		
	Depreciation for the Year	875.85	994.35
	Amortisation of Stock Compensation	(62.74)	5.86
	Unrealised (Gain) / Loss on Exchange Differences	(1.04)	(78.48)
	Interest & Finance Charges paid	1,293.01	1,716.04
	Interest Income	52.27	34.94
	(Profit) / Loss on Sale of Investments	-	(64.55)
	(Profit) / Loss on Sale of Fixed Assets	(680.75)	-
	Operating Profit before Working Capital Changes	(474.26)	552.65
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	3,678.09	(279.01)
	Decrease / (Increase) in inventories	2,709.92	(227.87)
	Increase / (Decrease) in creditors and other payables	(1,574.72)	1,360.96
	Cash generated from Operations	4,339.04	1,406.72
	Income Taxes Refund / (Paid) (net)	(42.23)	(49.60)
	Net Cash from Operating Activities	4,296.81	1,357.12
B	Cashflow from Investing Activities		
	Proceeds from Sale of Fixed Assets	854.61	62.38
	Transfer of Fixed Assets - Demerger	863.71	-
	(Purchase) of Fixed Assets	(171.58)	(105.73)
	(Purchase) / Sale of Investments (net)	(725.00)	54.63
	Cancellation of Investments - Demerger Impact	4.92	-
	Interest Received	(52.27)	774.39
	Net Cash (Used In) / from Investing Activities	774.39	(23.67)
C	Cashflow from Financing Activities		
	Proceeds from issue of Share Capital	139.13	30.16
	Share Premium Received	204.87	27.43
	Share Application Money Received	(25.00)	(25.00)
	Loss on Business Re-structuring (Note No.1)	(1,358.68)	-
	Short Term Borrowings	(1,868.19)	(1,591.16)
	Repayment of Working Capital Loans	-	(446.50)
	Term loan Receipts (Net)	(2,019.59)	3,040.79
	H.P. Instalments (net)	-	(59.35)
	Interest and Finance Charges paid	(1,293.01)	(6,220.47)
	Net Cash (Used In) / from Financing Activities	(6,220.47)	(739.67)
	Net Increase in Cash and Cash Equivalents	(1,149.27)	593.79
	Cash and Cash Equivalents (Opening Balance)	1,909.54	1,315.75
	Cash and Cash Equivalents (Closing Balance)	760.27	1,909.54

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
3 Previous year figures are not comparable

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 175S
G. Anil
Partner
Membership # 22450

For CNGSN & Associates
Chartered Accountants
Registration # 4915S
C. N. Gangadaran
Partner
Membership # 11205

For and on Behalf of the Board
V. Rajagopal
Chairman

S. Surya Narayanan
Managing Director

Chennai, 30 May 2011



Balance Sheet Abstract and Company's general business profile

Registration No.

	1	5	6	5	5
3	1	0	3	1	1

State Code

1	8
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Balance Sheet Date

II. Capital raised during the year (Amount in thousands)

Public Issue

			N	I	L
			N	I	L
			N	I	L
	1	3	7	1	3
			2	0	0

Bonus Issue

Rights Issue

Private Placement

ESOP

III. Position of mobilisation and deployment of funds (Amount in Lakhs)

Total Liabilities

	1	7	4	9	9
	1	7	4	9	9

Total Assets

Source of Funds

Paid up Capital

		1	9	5	4
			N	I	L

Share Application Money

Reserves & Surplus

			2	0	5
	1	5	3	4	0

Secured Loans

Application of Funds

Net Fixed Assets

		8	0	9	1
			7	3	0

Investments

Net Current Assets

		3	5	0	3
			N	I	L

Misc. Expenditure

Accumulated Losses

		5	1	7	5
--	--	---	---	---	---

IV. Performance of company (Amount in lakhs)

Turnover

	1	9	7	5	4
	2	1	7	0	4

Total Expenditure

Extra Ordinary Income

			N	I	L
	-	1	9	5	1

Profit / Loss before tax

Profit / loss after tax

	-	1	9	5	1
	-	1	0	2	8

Earning per share in Rs.

Dividend rate %

			N	I	L
--	--	--	---	---	---

V. Generic names of three principal products/ services of Company

(as per monetary terms)

Item Code No. (ITC Code)

Product Description

6	2	0	5	Men's or boys' shirts
6	2	0	6	Women's or girls' shirts
6	2	0	3	Men's or boys' shorts / Trousers
6	2	0	4	Women's or girls' shorts / Trousers

To be read with our report of even date

For Anil Nair & Associates

Chartered Accountants

Registration # 175S

G. Anil

Partner

Membership # 22450

Chennai, 30 May 2011

For CNGSN & Associates

Chartered Accountants

Registration # 4915S

C. N. Gangadaran

Partner

Membership #11205

For and on Behalf of the Board

V. Rajagopal

Chairman

S. Surya Narayanan

Managing Director



SUBSIDIARY COMPANY

CELEBRITY CLOTHING LIMITED

NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Second Annual General Meeting of Celebrity Clothing Limited will be held on 28th September, 2011 the Wednesday at 03.00 P.M. at the Registered Office of the Company, situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai 600 045 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. V.Rajagopal, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a 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.

Date : 11th August, 2011

For and On behalf of the Board

Place: Chennai

V.Rajagopal
Chairman

NOTES

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.

CELEBRITY CLOTHING LIMITED

Director's Report

Your Directors hereby present the Second Annual Report along with Audited Balance Sheet and Profit & Loss account of the Company for the year ended 31st March 2011.

The Company has filed a petition In the High Court of Madras for the scheme of Arrangement with M/S Celebrity Fashions Limited and Indian Terrain Fashions Limited for proposal of Demerger

of M/s Celebrity Fashions Limited on 15th of April 2010. The transfer of Bottoms division of Celebrity Fashions Limited (CFL) to Celebrity Clothing Limited (CCL) has not taken place as envisaged in the Scheme of Arrangement filed in High Court of Madras. One of the main objects to transfer was to facilitate easy entry of Strategic / Financial Investor. As this did not materialize, it was felt that having two different entities would only result in additional costs and administrative inconvenience and hence proposal to transfer Bottoms division of CFL to CCL has been withdrawn. The Honorable High Court of Madras, vide its order dated 16th August 2010 sanctioned the Scheme of Arrangement except to the extent of transfer of Bottoms Division into Celebrity Clothing Limited through slump sale. The Order became effective 3rd September 2010.

Finance and Accounts:

No commercial activity during the year under review.

Auditors:

M/s Anil Nair & Associates, Chartered Accountants, Chennai has been appointed as statutory auditors of the Company for a period upto the conclusion of next Annual general Meeting.

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 2011, 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.

Date: 30th May 2011

For and on Behalf of the Board

Place: Chennai

V Rajagopal
Chairman

AUDITOR'S REPORT

To the Members of,

CELEBRITY CLOTHING LIMITED

1. We have audited the attached Balance Sheet of M/S CELEBRITY CLOTHING LIMITED as at March 31, 2011, for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section 4A of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order (as amended) to the extent possible.

4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes of our audit;

b. In our opinion, proper books of account, as required by law,

have been kept by the Company, so far as appears from our examination of those books.

c. The Balance Sheet dealt with by this report is in agreement with the books of account.

d. In our opinion the Balance Sheet dealt with by this report complies with the accounting standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956.

e. On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

ii) in the case of the Profit and Loss Account of the loss of the year ended on that date:

for **ANIL NAIR & ASSOCIATES**

Chartered Accountants

Registration No. 175S

G. ANIL

Partner

Membership No: 22450

Chennai, May 30, 2011

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in the paragraph 3 of our report of even date)

1. According to the information and explanations given to us, the company did not own/hold any fixed assets during the period under review. Hence in our opinion paragraph 4(i) of the Order (as amended) are not applicable to the company.

2. As informed to us, the Company is yet to commence business operations and did not hold any inventory during the period under review. Hence in our opinion no comment is required with regard to the requirements of para 4(ii) of the Order (as amended).

3. According to the information and explanations given to us, the Company has neither granted nor 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 Clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order (as amended) are not applicable.

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. The Company was yet to commence commercial operations during the period under review. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. According to the information and explanations given to us, the Company has not entered into any contract or arrangement referred to in Section 301 of the Companies Act, 1956, consequently Clause (v)(a) and (v)(b) of paragraph 4 of the Order (as amended) are not applicable to the Company for the current period.
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 at the commencement of the financial year under review did not exceed Rupees Fifty Lakhs during the year and the company is yet to commence business activities in the second period since its incorporation, no comment on the internal audit system is required.
8. To the best of our knowledge and as explained to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities carried out by the Company. Consequently the provisions of Clause (viii) of paragraph 4 of the Order (as amended) are not applicable to the Company.
9. According to the information and explanations given to us the Company is yet to commence any business operations, therefore in our opinion no comments are required with regard to the provisions of clause 4(ix) of the Order(as amended)
10. Since a period of five years has not elapsed since the date of incorporation and the fact that the company has not commenced revenue generation, we are of the opinion that no comment is required regarding the erosion of 50% or more of net worth and cash losses in the current year or in the immediately preceding financial years as required under clause(x) of para 4 of the Order (as amended)
11. Based on our audit procedures and according to the information and explanations given to us, the company has not borrowed from financial institutions or banks till 31st March, 2011. Hence in our opinion, the question of reporting on defaults in repayment on dues to financial institutions or banks does not arise. The Company did not have any debentures outstanding during the year.
12. According to the information and explanations given to us during the period under review, 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 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. As per the records of the Company and 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, during the period under review the Company has not obtained any term loans. Hence, comments under clause (xvi) of the Order (as Amended) are not called for.
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. 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 covered by our audit report. 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 and information and ex planations given 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

Registration No. 175S

G. ANIL

Partner

Membership No: 22450

Chennai, May 30, 2011

CELEBRITY CLOTHING LIMITED
Balance Sheet as at 31st March 2011

Rs. In lakhs			
	Sch #	As At 31-03-11	As At 31-03-10
SOURCES OF FUNDS			
Authorized Share Capital (50,000 Equity Shares of Rs.10/- each)		5.00	5.00
Shareholders Funds			
Issued,Subscribed and paid up			
Share Capital (50,000 Equity Shares of Rs.10/- each fully paid up)		5.00	5.00
Total		5.00	5.00
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
A) Current Assets			
Cash and Bank Balances	1	4.67	4.68
Other Current Assets	2	0.22	-
		4.89	4.68
B) Less: Current Liabilities & Provisions			
Current Liabilities	3	0.05	-
Provisions		-	-
		0.05	-
Net Current Assets		4.84	4.68
Profit & Loss Account		0.16	
Preliminary Expenses written off			0.32
Total		5.00	5.00

Notes to financial statements 6

For Anil Nair & Associates For and on Behalf of the Board
Chartered Accountants

Registration # 175S V Rajagopal S Suryanarayanan
Chairman Director

G Anil
Partner

Membership # 22450

Chennai
30th May 2011

CELEBRITY CLOTHING LIMITED
Profit and Loss a/c for the Year ending 31st March 2011

Rs. In lakhs			
	Sch #	31-03-11	31-03-10
INCOME			
Other Income	4	0.22	-
Total		0.22	
EXPENDITURE			
Interest & Other Finance Costs		0.01	
Administrative Expenses	5	0.05	
Total		0.06	
Preliminary Expenses Written off		0.32	
Profit / (Loss)		(0.16)	

For Anil Nair & Associates For and on Behalf of the Board

Chartered Accountants

Registration # 175S V Rajagopal S Suryanarayanan

G Anil Chairman Director

Partner

Membership # 22450

Chennai
30th May 2011

Schedules attached to and forming part of
annual accounts as at and for the year ended
31.03.2011

Rs. In Lakhs		
Particulars	As at 31-03-11	As at 31-03-10
SCHEDULE - 1		
CASH AND BANK BALANCES		
:		
Balance with Scheduled Banks		
in Current Account	0.12	4.68
in deposit Account	4.55	
	4.67	4.68
SCHEDULE - 2		
OTHER CURRENT ASSETS :		
Interest Receivable on Fixed Deposit	0.22	-
	0.22	-

Particulars	As at 31-03-11	As at 31-03-10
SCHEDULE - 3		
CURRENT LIABILITIES:		
Other Current Liabilities	0.05	-
	0.05	-
SCHEDULE - 4		
OTHER INCOME :		
Interest Accrued / Received on Fixed Deposits	0.22	-
	0.22	-

CELEBRITY CLOTHING LIMITED

NOTES TO FINANCIAL STATEMENTS – 31st MARCH 2011

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ATTACHED TO AND FORMING PART OF ANNUAL ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

- Significant Accounting Policies
 - Accounting convention:

The Financial Statements have been prepared to comply in all material respects with Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act 1956. The Financial Statements have been prepared under the historical cost convention on an accrual basis.
 - Revenue Recognition:

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- 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 2011 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to these parties during the year is NIL.
- In the opinion of the Board of Directors, Current Assets are expected to realize the stated values in the ordinary course of business.
- 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.
- There was no foreign exchange inflow or outflow during the year.

- There were no employees in receipt of remuneration in excess of the limits specified in section 217(2A) of the Companies Act, 1956.
- Related Party Disclosures pursuant to Accounting Standard 18
 - Key Managerial Personnel
 - Mr V Rajagopal
 - Mrs Rama Rajagopal
 - Mr S Surya Narayanan
 - 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
 - Related Party Transactions - Nil
- 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 **For and on Behalf of the Board**
Chartered Accountants

Registration # 175S **V Rajagopal** **S Suryanarayanan**
Chairman **Director**

G Anil
Partner

Membership # 22450

Chennai
30th May 2011



Celebrity Fashions Limited

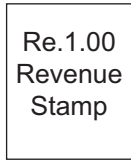
Regd.office:SDF - IV & C2, 3rdMain Road, MEPZ - SEZ, Tambaram, Chennai - 600 045

Proxy Form

Regd Folio No. /DP/ Client ID

I / Weof being a member / members of the Company hereby appoint of or failing him / her of as my / our proxy, to vote for me / us on my behalf at the twenty second Annual General Meeting of the Company to be held on Wednesday,the28th day of September 2011, at 10.30 A.M. at Registered Office situated at SDF- IV & C2, 3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045 and at any adjournment thereof. Signed this day of 2011.

Signature



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

Celebrity Fashions Limited

Regd.office:SDF IV & C2, 3rd Main Road, MEPZ - SEZ, Tambaram, Chennai - 600 045

ATTENDANCE SLIP

Regd Folio No. /DP/ Client ID

No.of Shares held

I certify that I am member / proxy for the member of the Company.

I hereby record my presence at the Twenty Second 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 10.30 A.M.on Wednesday,the28th day of September 2011.

.....
Name of the Member / Proxy

.....
Signature of member / Proxy

Note : Please fill the Attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to 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 2200

Fax : +91 44 2262 2897, 2262 8184