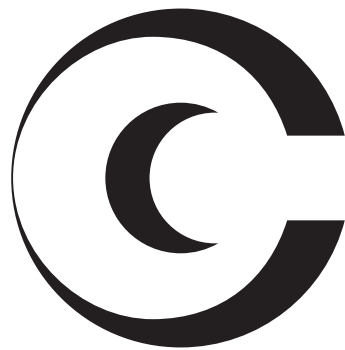


Celebrity Fashions Limited



23rd
ANNUAL REPORT 2011-2012

Contents

	Page No	
Board of Directors	2	REGISTERED OFFICE & CORPORATE OFFICE SDF –IV & C2, 3rd Main Road, MEPZ – SEZ, Tambaram, Chennai – 600 045
Manufacturing Facilities	2	BANKERS State Bank of India, Chennai – 600 001 HDFC Bank Limited, Chennai – 600 002
Notice Convening AGM	3	STATUTORY AUDITORS M/s. Anil Nair & Associates, Egmore, Chennai – 600 008.
Directors' Report	3	M/s. CNGSN & ASSOCIATES T. Nagar, Chennai – 600 017.
Management Discussion and Analysis	5	INTERNAL AUDITORS M/s R. Venkatakrishnan & Associates, R.A.Puram, Chennai – 600 028.
Report on corporate Governance	7	MANUFACTURING FACILITIES No. 72/1, Senneerkuppam Village Poonamallee High Road Poonamallee, Chennai 600 054.
Auditors' Report	12	SDF – IV, 3rd Main Road, MEPZ – SEZ, Tambaram, Chennai – 600 045.
Annexure to Auditors' Report	12	No. 208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai – 600 100.
Balance sheet	15	Warehouse No. 208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai 601 100.
Statement of Profit & Loss	16	Washing Plant No. 70/2 & 3A, Selaiyur Agaram Road, Thiruvanchery, Chennai 600 073.
Notes to the accounts	17	SDF – IV, 3rd Main Road, MEPZ – SEZ, Tambaram, Chennai – 600 045.
Cash Flow Statement	27	
Subsidiary Company	28	
BOARD OF DIRECTORS Mr. V. Rajagopal, Chairman Mr. S. Surya Narayanan, Managing Director Mrs. Rama Rajagopal Mr. N.K. Ranganath Mrs. Nidhi Reddy		
Company Secretary Ms. Ramya. K		
Management Team Mr. Charath Narsimhan Mr. Selin Reubalin C. C Mrs. Pushpa R Mrs. Visalakshi. L Mr. A.M. Gopinath Mr. W. Charlie Manickarayan Mr. Sankaranarayanan. G Mr. Martin Premkumar. A Mr. Balaji. J	Chief Executive Officer VP - Operations GM – Merchandising GM – Finance & Accounts GM – Commercial GM – Human Resources GM – Sourcing GM - Technical DGM – Purchase	

NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Third Annual General Meeting of Celebrity Fashions Limited will be held on Monday the, 17th September, 2012 at 3.00 P.M. at the Registered Office of the Company, situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai 600 045 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31st March, 2012 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.

Date : 09th August, 2012

Place: Chennai

For and On behalf of the Board

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 Monday, the 10th September, 2012 to Monday the 17th September, 2012 (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 21st and 29th April 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. 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.

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.

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.

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.

Date : 09th August, 2012

Place: Chennai

For and On behalf of the Board

RAMYA. K

Company Secretary

Directors' Report Dear Shareholders,

Your Directors hereby present the 23rd Annual Report along with the audited statements of the Company for the year ended 31st March 2012.

Overview

Countries are increasingly eliminating their trade barriers and international trade now truly spans the globe. Products and services

come from everywhere and go everywhere. This, as well as the liberalisation of large financial flows, makes countries very dependent on what happens in the international economy. India has some leeway to get reforms back on track with its long-term growth prospects firm, according to the resources.

India's textile and apparel exports may have missed the \$33-billion target in 2011-12 fiscal despite a weak rupee, as demand from biggest market Europe dwindled due to the sovereign debt crisis.

The country's apparel shipment inched up by just 1.5 per cent to 1.28 billion in February, the third worst monthly performance this fiscal, as the crisis in Europe intensified. Apparel exports between April and February, however, rose 19 per cent in dollar terms to \$12.14 billion due to an initial pick-up and a 16 per cent depreciation of the rupee against the dollar that made overseas despatches more remunerative. Apparel exports account for nearly half of the total shipments by the textile and garments industry.

The government expected the exports to rise in 2011-12 as demand seemed to have returned after the global financial turmoil in 2008, but the debt crisis in Europe erupted, jeopardising shipment prospects. EU and the US, the worst affected nations in the current debt crisis, together account for around 65% of India's textile exports.

The textile industry accounts for around 14 percent of industrial and more than 10 percent of the country's total exports. It is the largest jobs generator after agriculture, employing around 35 million people across various segments.

To prop up the cash-strapped textiles sector, the Industry has requested for the restructuring of loans as well as interest subsidy to the garments and knit-wear sectors grappling with the economic slowdown of their biggest export markets that forced a sudden plunge of product prices after two successive years of relentless rise in raw material costs.

With the Reserve Bank of India rejecting the proposal, the fortune of the Exporters is again reserved.

Financial Highlights – Rs. In Crs

	FY 2011-12	FY 2010-11
Revenue From operations	190.38	188.45
Gross Profit / (Loss) before interest and depreciation	9.85	3.31
Interest	16.36	14.06
Profit / (Loss) before depreciation and tax	(6.51)	(10.75)
Depreciation	7.16	8.76
Profit / (Loss) before Extra-Ordinary Income	(13.67)	(19.51)
Extra-Ordinary Income	-	-
Profit / (Loss) before tax	(13.67)	(19.51)
Provision for Taxation		
Profit / (Loss) after tax	(13.67)	(19.51)
Balance brought forward from previous year	(51.75)	(134.63)
Less: Accumulated losses written off pursuant to Scheme of Arrangement	-	102.39
Balance carried to Balance Sheet	(65.42)	(51.75)

The Company's revenues stood at Rs.190 crs as against Rs.188 crs previous year. The operational margins have improved drastically despite of marginal increase in revenues mainly on account of various strategic initiatives undertaken by your company including adding of new premium clients, rejig of business mix both on geographical as well as on product lines, rationalization of capacities, tight cost control mechanisms and better deployment of resources.

Finance and Accounts

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

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

The Company was in receipt of interest subsidy of Rs.2.52 crs under Technology Upgradation Fund (TUF) Scheme during the year and the same has been deducted from Interest on Termloan in the Financial Statements.

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

The Term loan obligations and Interest Commitments have been met in full with respect to the State Bank of India in accordance with the Terms and Conditions of the Sanction letter. However the Company has defaulted in repayments of Term loans amounting to Rs.0.22 crs and Interest Commitments amounting to Rs.1.55 crs with respect to HDFC Bank's Borrowings. The Term loan repayment is pending since February 2012 while the interest commitment remains unpaid since January 2011.

The Company submitted its Draft Rehabilitation Proposal (DRS) to the Operating Agency, State Bank of India and is awaiting the sanction of the Second Re-structuring Package.

The Cut-off Date for the DRS is 31st March 2011 as per the Orders of BIFR and the Company has sought certain reliefs / concessions in Term loans / interest rates with the lenders.

The Accounts of the Company have been prepared on the basis of 'going concern concept' despite negative network as on 31st March 2012 in view of the various strategic initiatives that the Company is exploring and also considering the Rehabilitation Scheme submitted to Banks / BIFR. The Management is confident of being able to continue and operate the business and bring positive results in future.

Share Capital

There is no addition to the share capital during the year.

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 during these tough times.

Directors

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 reappointment.

Auditors

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

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 2012, 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.181.35 crs
Total Foreign exchange outgo	Rs. 66.44 crs

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, 15th May 2012

“GROUP COMING WITHIN THE DEFINITION OF GROUP AS DEFINED IN THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT 1969”

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

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

For Celebrity Fashions Limited

S. Surya Narayanan
Managing Director

15th May 2012

Management Discussion and Analysis – 31st March 2012

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

After a number of difficult years, a recovery from the economic crisis is tentatively emerging, although it has been very unequally distributed: much of the developing world is still seeing relatively strong growth, despite some risk of overheating, while most advanced economies continue to experience sluggish recovery, persistent unemployment, and financial vulnerability, with no clear horizon for improvement. In addition, rising commodity prices are eroding the purchasing power of consumers and are likely to slow the pace of recovery. Such uncertainties are being exacerbated by growing concerns about the sustainability of public debt amidst the slow growth of some advanced economies. The damage that would be wrought by the first sovereign defaults among advanced economies since the 1940s is impossible to gauge, although the mere possibility of this eventuality has already hit investor confidence, put the very viability of the euro into question, and further undermined the US dollar's value and its place as the world's preferred reserve currency. Policymakers are struggling to find ways to manage the present economic challenges while preparing their economies to perform well in an increasingly complex global

landscape. Given the extensive and necessary short-term efforts related to addressing the most pressing fiscal concerns, it remains critical for countries to establish the fundamentals underpinning economic growth and development for the longer term.

Standard & Poor's cut India's outlook to negative from stable, citing its large fiscal deficit and expectations of only modest progress on reforms given political constraints, battering stocks, bonds and the rupee.

India's exports rose an annual 21 percent to \$303.7 billion for the fiscal year 2011/12, while imports rose 32.1 percent to \$488.6 billion.

The data shows India has beaten its target of about 20 percent exports growth set by the government, despite a slowdown in the major export destinations such as the United States and Europe.

But the country's high trade deficit could worsen its current account balance and further weaken the rupee.

In the above background, we may discuss the current scenario of our garment industry.

The garment export sector has been undergoing a severe financial crisis for the last three years due to problems emerged in USA, Volatility in foreign currencies, increase in yarn prices, increasing bank interest rates, transportation cost, increase in wages and the top most adverse factor is recession in European Union.

The decline in demand from our markets of US and EU, due to recession have significantly affected the exporting units and in this situation, a maximum number of exporting units are underutilizing their capacity and certain units have even stopped their operations also. It is to be noted that most of the units are taking up and executing the orders, even after knowing that the loss would occur after executing the order, mainly to maintain a long term relationship with the buyers.

Although the period of April 2011 to March 2012, the dollar growth has been 17.95%, but the growth is only in value terms and not on the volume terms. The growth is also largely attributed to the exchange rate, which was Rs.44.99 in the previous year as against Rs.50.31 this year. The industry was able to remain in vital USA & EU markets due to 2% MLFPS. Since the situation in these two vital markets continues to be grim in the next year as well, the industry expects extension of 2% Market Linked Focus Product Scheme to garment exports to Russia, South Africa, Brazil, South Korea, Japan and Australia for the period 2012-13.

Opportunities and Threats

Our Strength

Our Strength lies in optimizing our efficiency to deliver improved business results to meet the customer satisfaction, commitment to quality and process execution and long standing client relationship.

Our weakness

We operate in highly competitive market. High dependence on Government reforms.

Risks and Concerns

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

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

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

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

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

Outlook

India continued to hold crucial position in global textile industry, owing to its advantages of adequate availability of raw materials, relatively lower conversion costs, skilled manpower and favourable demographics. Major textile production centers in Andhra Pradesh, Tamilnadu and some Northern states faced severe power shortages, adversely affecting output and profitability of the Companies.

Overall demand outlook for the textile industry for FY13 is expected to remain moderate; with volatile commodity prices and exchange rate being key challenges for the industry. Participants who are well placed in value chain and have control over their debt levels may witness improved performance. Prospect of cotton spinning units is expected to improve with decline in cotton prices leading to a revival in demand for cotton yarn and consequent increase in capacity utilization across the cotton textile value chain. However, with the US and EU accounting for more than 70 per cent of Indian apparel exports, the concerns over the economic health of these countries would put pressure on the Indian apparel exporters in the medium term. Man Made Fiber (MMF) industry is expected to grow at a moderate 5-6 per cent in the medium term. However, recent increase in input prices owing to the increase in crude oil prices and the stabilization of cotton prices may limit the envisaged growth prospects of the MMF industry.

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 50% 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 Banks have sanctioned a re-structuring package wherein the interest rates on term loans 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 the same is taken care through regular monitoring and corrective mechanisms.

Financial Performance

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

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

Highlights	Rs. In Crores	
	2011-2012	2010-2011
Income From operations	191.77	188.50
PBITD	9.85	3.31
Interest	16.36	14.06
PBDT	(6.51)	(10.75)
Depreciation	7.16	8.76
Profit/ (Loss) Before Tax	(13.67)	(19.51)
Provision for Taxation	-	-
Net Profit / (Loss) after Tax	(13.67)	(19.51)

Your Company is proud to inform that the Company was awarded for "Outstanding Export Performance" for the year 2009-10 in the SEZ Category (Other than MSME Readymade Garments), for the fourth consecutive year.

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 over 4000 employees as on 31st March 2012.

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 2012, 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 condition 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 the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Dated: 15th May, 2012

FOR CNGSN & ASSOCIATES

Place: Chennai

Chartered Accountants

F.R.No.004915S

C.N. Gangadaran

Partner

Memb.No.11205

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Corporate Governance

INTRODUCTION:

Corporate governance of the Company is a Value-based Framework to manage in a fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all our affairs, and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

1. BOARD COMPOSITION

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate its functions of governance and management.

Currently, the Board comprises of 5 directors of which 2 are Independent Directors (33.33% of the Board Strength) and 3 are Executive Directors. The number of independent directors on the Board is short by 1 (16.66% of the Board Strength), and the Company is in the process of filling up the position.

The Board of Directors of the Company met four times during the year on 30.05.2011, 11.08.2011, 08.11.2011 and 14.02.2012

SIZE AND COMPOSITION OF THE BOARD

Name & Designation of the Director	No. of other Directorships held	No. of other Board Committees of which Member/Chairman/Chairperson	Board Meetings attended	Attendance at the last AGM
Mr. V. Rajagopal (Chairman)	2	Nil	4	Yes
Mr. S. Surya Narayanan (Managing Director)	3	2 (Member)	4	Yes
Mrs. Rama Rajagopal (Director)	2	Nil	4	No
Mr. N. K. Ranganath (Non – Executive)	3	2 (Chairman) 1 (Member)	4	No
Mrs. Nidhi Reddy (Non- Executive)	1	1 (Chairman) 2 (Member)	2	No

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.

2. AUDIT COMMITTEE

During the year under review, 4 meetings of the Committee were held on 30.05.2011, 11.08.2011, 08.11.2011 and 14.02.2012. The composition of the Committee as on 31st March, 2012 as well as the particulars of attendance at the Committee during the year is given in the table below:

Name & Designation	Category of Directorship	Qualification/ Competence	No. of meetings attended
Mr. N. K. Ranganath (Chairman)	Independent Non-executive	B.E., PGDBA - XLRI	4
Mr. S. Surya Narayanan (Member)	Managing Director	B.COM, FCA	4
Mrs. Nidhi Reddy (Member)	Independent Non-executive	M.A., PGDPM - XLRI	2

The Broad Terms of Reference are as under:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are true and fair.
- Recommending to the Board, the appointment, re-appointment of the statutory auditors, fixation of audit fees and fees for other services.
- Reviewing, with Management, the quarterly and annual financial statements before submission to the board for approval.
- Reviewing the adequacy of internal control systems and internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department.
- Compliance with listing and other legal requirements relating to financial statement.
- Management Discussion and Analysis of financial conditions and result of operations.
- In addition to the above, all items in clause 49 (II) (D) (Role of Audit Committee) of the Listing Agreement.

3. 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 Composition of the Committee is as follow:

Sl. No	Name of the Member	Category
1	Mrs. Nidhi Reddy (Chairman)	Non – Independent Director
2	Mr. N.K. Ranganath (Member)	Non – Independent Director

The Committee is short of one independent director due of resignation of Mr. P.S. Raman on 30.09.2010. The position will be filled in the due course.

The Terms of reference of the Committee are as follows:

- To evaluate and recommend the composition of the Board and sub committees thereof.
- Consider and recommend appointment of Independent Non-Executive Directors.
- Determining processes for evaluating the effectiveness of individual directors and the Board as a whole.
- Consider and recommend the appointment of Whole-time Directors and Managing Director(s) by whatever name called.
- Evolve the principles, criteria and basis of applicable remuneration policy and recommend the remuneration for all Whole-time Directors and Managing Directors by whatever name called.
- Recommend and monitor the level and structure of pay for senior management i.e., managers immediately below the Board of Directors.

During the year Remuneration Committee Meeting was held on 01st April, 2011.

Remuneration Policy

The Company while deciding the remuneration package of the senior management members takes into consideration the following items:

- Employment scenario
- Remuneration package of the industry and
- Remuneration package of the managerial talent of other industries

The annual variable pay of senior managers is linked to the performance of the Company is general and their individual performance for the relevant year measured against specific key Result Areas, which are aligned to the Company's objectives.

Remuneration to Directors

The remuneration of the Non-Executive Directors of the Company is decided by the Board of Directors. The Non-Executive Directors are paid remuneration by way of Sitting Fees.

The Company did not have any pecuniary relationship or transactions with the Non-executive Directors during the financial year 2011-2012

The Company pays sitting fees of Rs. 2500/- per meeting to the Non-Executive Directors for attending the meeting of the Board and Rs. 1500/- for other committee meeting thereof which is within the limits.

During the financial year 2011-12, the sitting fee paid to Non - Executive Directors were as under:

Name of the Director	Sitting Fees (includes the fees paid for Committee Meetings) Rs.
Mr. N.K.Ranganath	16,000/-
Mrs. Nidhi Reddy	8,000/-

Managing Director and Executive Director

The Company pays remuneration to its Managing Director by way of salary, perquisites and allowances (a fixed component) and commission (a Variable component). Salary is paid within the overall limits approved by the members of the Company. The Board, on the recommendations of the Remuneration Committee, approves the annual increments (effective 1st April each year). Within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee to the Board.

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

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.

Shareholders/Investors Grievance Committee

During the year there was no meeting held

Composition of the Committee

Name of Director	Category
Mr. N. K. Ranganath Chairman	Non- Independent Director
Mrs. Nidhi Reddy Member	Non- Independent Director
Mr. S. Surya Narayanan Member	Managing Director

Terms of Reference:

To look into redressal of investors' complaints and requests such as transfer of shares/debentures, non-receipt of dividend, annual report, etc.

Based on the report received from the Company's Registrars, the number of Complaints received from shareholders comprises of correspondence identified as complaints i.e. letter received through statutory/regulatory bodies and letter pertaining to fraudulent encashment.

Status of investor Complaints as on March 31, 2012 and reported under clause 41 of the Listing Agreement are as under:

Complaints as on April 1, 2011	: Nil
Received During the Year	: Nil
Resolved during the Year	: Nil
Pending as on March 31, 2012	: Nil

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.

Name, Designation and address of Compliance Officer

Ms. Ramya K
Company Secretary & Compliance officer
Celebrity Fashions Ltd
SDF-IV & C2 3rd Main Road,
MEPZ- SEZ, Tambaram, Chennai – 600045.

General Meetings

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

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

No Extra-Ordinary General Meeting of the shareholders was held during the year

EGM held on 05.08.2010

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 28.09.2011

No Special resolution passed

AGM held on 24.09.2010

No Special resolution passed

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

Disclosures:

1. The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
2. The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI or other statutory authorities relating to the above.
3. 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.
4. The company has not adopted the whistle blower mechanism, as it is a non-mandatory requirement.

Reconciliation of Share Capital

A qualified practicing Chartered Accountant carried out a Share Capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

The Audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Means of Communication
Quarterly/Half-yearly results

The quarterly/half-yearly results of the Company are published in the newspapers and posted on the website of the Company, and the same is 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.

Management Discussion & Analysis Report:

The MD&A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segments/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

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 2012. The annual report contains a declaration to this effect signed by the Chairman & Managing Director and 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.

GENERAL SHAREHOLDERS INFORMATION
Financial Year

1st April to 31st March

Annual General Meeting and Date of Book Closure

The Corporate Governance Report was taken on record by the board in their meeting held on 15th May, 2012. The date and venue of the Annual General Meeting was not finalized in the Board meeting. Hence the details as to the Scheduled of Annual General Meeting and the dates of Book Closure have not been provided.

Listing on Stock Exchanges : The Company's Ordinary Shares are listed on the following Stock Exchanges:

- The Bombay Stock Exchange Limited, (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
- The National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-kurla complex, Bandra (E), Mumbai 400 051

The Company has paid the Annual Listing fees, for the financial year 2012-13

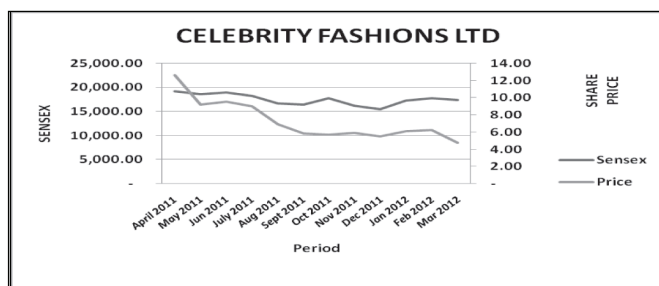
Stock Code:

The Bombay Stock Exchange Limited : "532695"

The National Stock Exchange of India Limited : "CELEBRITY"

Market Price data
(Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-11	12.70	12.55	2133	12.95	12.50	5843
May-11	9.90	8.80	2391	9.70	8.50	8589
Jun-11	9.88	9.46	210	9.70	9.35	261
Jul-11	9.35	8.77	681	9.25	8.65	1382
Aug-11	6.95	6.65	2501	7.20	6.60	1611
Sep-11	6.25	5.75	1846	6.15	5.60	1666
Oct-11	6.00	5.40	9098	5.70	5.35	12407
Nov-11	5.90	5.70	477	6.60	5.65	1904
Dec-11	5.80	4.80	6334	5.60	5.15	5339
Jan-12	5.92	5.61	1116	6.10	5.85	974
Feb-12	6.24	5.75	1279	6.70	5.80	9310
Mar-12	5.30	4.30	4620	5.30	4.85	4393

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.

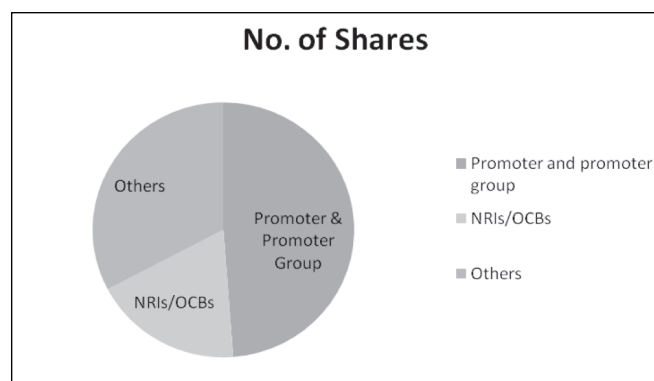
Distribution of Shareholding:

Distribution of Shareholding as on 31st March 2012 is as under:

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
0001- 5000	1371473	13714730	7.0207	13105	89.9574
5001- 10000	604836	6048360	3.0962	748	5.1345
10001- 20000	571646	5716460	2.9263	379	2.6016
20001- 30000	330459	3304590	1.6917	132	0.9061
30001- 40000	181984	1819840	0.9316	52	0.3569
40001- 50000	211265	2112650	1.0815	45	0.3089
50001- 100000	418318	4183180	2.1414	58	0.3981
Greater than 100000	15844684	158446840	81.1106	49	0.3364
TOTAL	19534665	195346650	100.0000	14568	100.000

Shareholding Pattern as on 31st March 2012

Category	No. of Shares	Percentage
Promoter and promoter group		
Promoter and promoter group	9138796	46.7825
Sub Total	9138796	46.7825
NRIs/OCBs		
Foreign Company	3400000	17.4050
Foreign Nationals		
Non Resident Indians	65182	0.3336
Sub Total	3465182	17.7386
Others		
Clearing Members	62597	0.3204
Private Corporate Bodies	2705844	13.8515
Public	4162246	21.3069
Sub Total	6124413	31.3514
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 2012, 19534500 Equity shares aggregating to 99.99% were held in dematerialized form. Particulars of Shares held in

Particulars	No. of shares	Percentage
Physical Form	165	0.0008
Electronic form with CDSL	9908255	50.7214
Electronic form with NSDL	9626245	49.2777
Total	19534665	100.00

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments up to the financial year 2011 – 12.

Plant Locations

- Plot C2, SDF IV, MEPZ – SEZ, Tambaram, Chennai - 600045.
- No.208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai – 600100.
- 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

AUDITOR'S REPORT

To the Members of,

CELEBRITY FASHIONS LIMITED

1. We have audited the attached Balance Sheet of M/S CELEBRITY FASHIONS LIMITED as at March 31, 2012, the Statement of Profit and Loss 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.
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 ("the Order") 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.
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 and proper returns adequate for the

purposes of our audit have been received from the branches not visited by us;

- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. Considering 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. Based on such evaluation, in our opinion and on the basis of the information and explanations given to us, we report that we have obtained sufficient audit evidence to establish continuance of the Company as a going concern. The mitigating factors have been outlined in Note No 27 of the Notes on Accounts.
- f. On the basis of written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 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 2012;
 - ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date ; and
 - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

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

G. ANIL
Partner
Membership Number:22450
Chennai, May 15, 2012

C.N. GANGADARAN
Partner
Membership Number:11205

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date

1. In respect of its Fixed Assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the fixed assets of the Company have been physically verified by the Management during the year in a

phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. In accordance with the phased programme of verification, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

- c. The fixed assets disposed of during the year do not constitute a substantial part of the fixed assets of the Company and such disposal in our opinion has not affected the going concern status of the Company.

2. In respect of its inventories :

- a. The inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.

- b. In our opinion and according to the information and explanations given to us, the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of it's business.

- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :

- a. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the 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.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets, inventory and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

5. In respect of contracts or arrangements referred to in section 301 of Companies Act, 1956

- a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- b. in our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.500, 000/- in respect of each party during the year have been made at prices which appear reasonable having regard to the prevailing market prices at the relevant time, as per information available with the Company.

6. According to the information and explanations given to us the Company has not accepted any deposits from the public. Therefore the provisions of Clause (vi) of paragraph 4 of the Order (as amended) are not applicable to the Company.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:

- a. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees State Insurance Scheme, Income Tax, Excise Duty, Service Tax, Customs Duty and other material statutory dues, as applicable have been regularly deposited during the year by the Company with the appropriate authorities.

Further since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- b. According to the information and explanations given to us, except for income tax amounting to Rs.41,50,227/- relating to assessment year 2004-05, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable.

- c. According to the information and explanations given to us, the disputed statutory dues aggregating to Rs.47.34 Lacs that has not been deposited on account of matters pending before the appropriate authority are as under:-

Name of the Statute	Nature of Dues	Period to which the amount relate	Forum where dispute is pending	Amount (In Lacs)
Income Tax Act, 1961	Income Tax Demand	AY 2003-04	Pending for re-assessment before the Assessing Officer	5.26
Income Tax Act, 1961	Fringe Benefit Tax Demand.	AY 2007 - 08	Pending for rectification before the Assessing Officer	6.99
Service Tax	Service Tax Demand	April 2009 to September 2011	Pending Before Supreme Court	35.09 *

*As per the directions of the Supreme Court the Company has remitted a sum of Rs.17.55 Lacs against this demand.

10. *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 net worth 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.*
11. *According to the information and explanations given to us during the year under review, the Company has defaulted in repayment of term loans and interest thereon to HDFC Bank Ltd. Repayment of term loan, amounting to ` 0.22 crore, is pending since February 2012 while interest on term loans amounting to ` 1.55 crores, remains unpaid since January 2011.*
12. According to the information and explanations given to us, and based on the records and documents produced before us, The Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. In our opinion and to the best of our information and according to the explanations provided by the management, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order 2003 (as amended) do not apply to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on a short term basis have not been used for long term investments.
18. The Company has 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. Hence in our opinion Clause 4(xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, and as per the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

G. ANIL
Partner
Membership Number:22450
Chennai, 15th May, 2012

C.N. GANGADARAN
Partner
Membership Number:11205

Balance Sheet as at 31st March 2012

Rs. In Crores

Particulars	Note No.	As at 31-Mar-12	As at 31-Mar-11
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	2	19.53	19.53
(b) Reserves and Surplus	3	(63.37)	(49.70)
		(43.84)	(30.17)
2 Non-Current Liabilities			
(a) Long-term borrowings	4	98.03	116.78
(b) Deferred tax liabilities (Net)	5	-	-
(c) Other Long-term liabilities	6	2.25	1.50
		100.28	118.28
3 Current Liabilities			
(a) Short-term borrowings	7	26.16	30.15
(b) Trade payables	8	35.24	22.03
(c) Other current liabilities	9	20.07	8.94
(d) Short-term provisions	10	2.65	3.88
		84.12	65.00
Total		140.56	153.11
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible assets		74.14	80.43
(ii) Intangible assets		0.35	0.48
		74.49	80.91
(b) Non-Current Investments	12	0.05	0.05
(c) Long-term loans and advances	13	3.07	3.07
(d) Other non-current assets	14	0.06	0.23
		77.67	84.26
2 Current Assets			
(a) Current Investments	15	-	7.25
(b) Inventories	16	26.13	22.86
(c) Trade receivables	17	24.28	27.45
(d) Cash and Bank Balances	18	7.11	7.60
(e) Short-term loans and advances	19	2.23	1.78
(f) Other current assets	20	3.14	1.91
		62.89	68.85
Total		140.56	153.11

See Accompanying Notes to Financial Statements 1

To be read with our report of even date

 For Anil Nair & Associates
 Chartered Accountants
 Registration # 175S

 For CNGSN & Associates
 Chartered Accountants
 Registration # 4915S

 For and on Behalf of the Board
 V Rajagopal
 Chairman

 G Anil
 Partner
 Membership # 22450

 C N Gangadaran
 Partner
 Membership # 11205

 S Surya Narayanan
 Managing Director

Chennai, 15th May, 2012

K Ramya
 Company Secretary

Statement of Profit and Loss for the Year Ended 31st March 2012

Rs. In Crores

Particulars	Note No.	As at 31-Mar-12	As at 31-Mar-11
I Revenue from Operations (gross)	21	191.76	188.50
Less: Excise Duty		1.39	0.05
Revenue from Operations (net)		190.37	188.45
II Other Income	22	2.69	8.84
III Total Revenues		193.06	197.29
IV Expenses			
a Cost of Materials	23	120.19	113.53
b Purchases of Traded Goods		-	-
c Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec		(6.77)	7.76
d Employee Benefit Expenses	24	34.50	39.56
e Other Expenses	25	35.30	33.13
		183.22	193.98
V Earnings before Interest, Depreciation and Tax		9.84	3.31
f Finance Costs	26	16.35	14.06
g Depreciation		7.16	8.76
Total Expenses		23.51	22.82
VI Profit / (Loss) before Tax		(13.67)	(19.51)
VII Tax Expenses			
a Current Tax Expense		-	-
b Deferred Tax		-	-
		-	-
VIII Profit / (Loss) for the Period		(13.67)	(19.51)
IX Earnings Per Share - In Rs.			
-- Basic		(7.00)	(10.28)
-- Diluted		(7.00)	(10.28)

See Accompanying Notes to Financial Statements
1

To be read with our report of even date

 For Anil Nair & Associates
 Chartered Accountants
 Registration # 175S

 For CNGSN & Associates
 Chartered Accountants
 Registration # 4915S

 For and on Behalf of the Board
 V Rajagopal
 Chairman

 G Anil
 Partner
 Membership # 22450

 C N Gangadaran
 Partner
 Membership # 11205

 S Surya Narayanan
 Managing Director

Chennai, 15th May, 2012

K Ramya
 Company Secretary

Notes to the Accounts as at 31st March 2012

1 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, Intangible Assets & Depreciation:

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

3 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 Income Recognition:

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

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

Domestic Sales includes Excise Duty but excludes Sales Tax and Value Added Tax

Export Incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

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

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

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

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

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

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

Premium / Discount on Forward Foreign Exchange Contracts are recognized over the life of the Contracts. The value of unperformed contracts is shown under Loans & Advances.

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 accounted on Cash Basis.

The Company was in receipt of Interest Subsidy under Technology Upgradation Fund (TUF) Scheme during the year for an amount of Rs.2.52 crs. Refer Note 26.

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 the Revised Accounting Standard 15.

9 Taxation:

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

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

10 Impairment of Assets:

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

In the opinion of the Management , Current Assets,Loans and Advances have a value of at least equal to the amounts shown in the Balance Sheet, if realised in the due course of the business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.

11 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.

12 Segment reporting:

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

PARTICULARS	As at 31-Mar-12	As at 31-Mar-11
2 SHARE CAPITAL		
a Authorised, Issued, Subscribed and Paid-Up Share Capital		
Authorised Share Capital:		
2,00,00,000 (Prev. Yr. 2,00,00,000) Equity Shares of Rs.10/- each	20.00	20.00
Issued, Subscribed and Paid up Capital :		
1,95,34,665 (Prev Yr 1,95,34,665) Equity Shares of Rs.10/- each	19.53	19.53
Total	19.53	19.53
b Reconciliation of the number of Shares		
Number of Equity Shares Outstanding at the beginning of the Year	19,534,665	18,143,339
Add: Number of Shares issued during the Year	-	1,391,326
Number of Equity Shares Outstanding at the end of the Year	19,534,665	19,534,665
c Rights, Preferences and Restrictions attached to Equity Shares	NIL	NIL
The Company has only one class of shares referred to as Equity Shares having a par value of Rs.10/- Each holder of equity shares is entitled to one vote per share		
d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates	NIL	NIL
e Details of Shares held by each Shareholder holding more than 5%		
No. of Shares		
Mr. Venkatesh Rajagopal	4,792,981	4,792,981
Mrs. Rama Rajagopal	4,342,054	4,342,054
M/s New Vernon Private Equity Limited	3,400,000	3,400,000
M/s Bennett, Coleman and Company Limited	1,316,818	1,316,818
M/s Reliance Capital Limited	898,750	1,158,373
% Holding		
Mr. Venkatesh Rajagopal	24.5%	24.5%
Mrs. Rama Rajagopal	22.2%	22.2%
M/s New Vernon Private Equity Limited	17.4%	17.4%
M/s Bennett, Coleman and Company Limited	6.7%	6.7%
M/s Reliance Capital Limited	4.6%	5.9%
f Shares reserved for issuance	NIL	NIL
g Shares allotted for consideration other than cash during the last 5 years	NIL	NIL
3 RESERVES AND SURPLUS		
a Capital Reserve		
Opening Balance	-	0.08
Less: W/o Pursuant to the Scheme of Arrangement	-	(0.08)
Closing Balance	-	-
b General Reserve		
Opening Balance	-	0.44
Less: W/o Pursuant to the Scheme of Arrangement	-	(0.44)
Closing Balance	-	-
c Share Premium		
Opening Balance	2.05	115.46
Add: Additions During the Year	-	2.05
Less: W/o Pursuant to the Scheme of Arrangement	-	(115.46)
Closing Balance	2.05	2.05
d Share Options Outstanding Account		
Opening Balance	-	0.63
Amounts recorded on grants/modifications/cancellations during the year	-	(0.63)
Closing Balance	-	-

PARTICULARS		As at 31-Mar-12	As at 31-Mar-11
e	Surplus / (Deficit) in Statement of Profit and Loss		
	Opening Balance	(51.75)	(134.63)
	Add: Profit / (Loss) for the Year	(13.67)	(19.51)
	Less: W/o Pursuant to the Scheme of Arrangement	-	102.39
	Closing Balance	(65.42)	(51.75)
	Total	(63.37)	(49.70)
4	LONG TERM BORROWINGS		
(i)	Term loans from Banks		
	Secured:		
	Clean Term loans	57.53	61.71
	Other Term loans	23.71	26.07
	Rent Plus Term loans	5.40	6.33
	Funded Interest Term loans	11.39	22.67
		98.03	116.78
	Details on Term loans - Bankwise, Repayments and Security		
	Term loans from State Bank of India	102.10	110.61
	Term loans from HDFC Bank Limited	12.64	12.64
	First Charge on paripassu basis by way of hypothecation of Company's current assets including stock and book debts against the Term loans extended by State Bank of India and HDFC Bank.		
	Collateral Securities:		
	First Charge to State Bank of India and Second Charge on to HDFC Bank for Term loans over the following assets:		
	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		
	Leasehold rights of land and Factory building situated at plot SDF - IV, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600045		
	Leasehold rights of land situated at C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600045		
	Building situated at C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045		
	Loans from State Bank of India is further secured by Pledge of Promoters Shares in the Company to an extent of 53,52,516 Equity Shares and Personal Guarantee by Promoters. Further the Lease rental receivables from the property let out on lease are assigned to Term loans of State Bank of India (SBI).		
	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.		
	The Repayment Schedule of Term loans are as under:	SBI	HDFC Bank
	FY 2011-12 (net of advance repayments)	6.26	0.22
	FY 2012-13	14.42	2.30
	FY 2013-14	14.57	2.29
	FY 2014-15	17.04	1.99
	FY 2015-16	17.39	1.67
	FY 2016-17	16.16	1.67
	FY 2017-18	16.19	1.67
	FY 2018-19	7.81	0.83
		109.84	12.64
	Repaid during the Year 2011-12	7.74	-
	Balance outstanding as on 31st March 2012	102.10	12.64
	Both the Term loans obligations and Interests Commitments thereon have been met in full to SBI in accordance with the Terms and Conditions of the Sanction letter. However the Company has defaulted in repayments of Term loans amounting to Rs.0.22 crs (Previous Year - NIL) and Interest commitments amounting to Rs.1.55 crs with respect to HDFC Bank. The termloan repayment is pending since February 2012, while interest remains unpaid The Company has submitted a Draft Rehabilitation Proposal with Cut-off-Date as 31st March 2011 seeking certain reliefs / concessions in since January 2011. Term loans / interest rates and the same is pending for approval from Appropriate Authorities.		
5	DEFERRED TAX LIABILITIES		
	On the difference between Book Balance and Tax Balance of Fixed Assets		
	Deferred Tax Liability	8.19	1.98
	Deferred Tax Asset on Unabsorbed Depreciation & Business Loss	(8.19)	(1.98)
	The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of corresponding deferred tax liability on the difference between the book balance and written down value of fixed assets under Income Tax		
		(0.00)	(0.00)

Rs. In Crores

PARTICULARS		As at 31-Mar-12	As at 31-Mar-11
6	OTHER LONG-TERM LIABILITIES		
a	Trade Payables	-	-
b	Others:		
	Trade / Security Deposits Received	2.25	1.50
	Total	2.25	1.50
7	SHORT-TERM BORROWINGS		
a	Loans Repayable on Demand from Banks		
	Secured:		
	Working Capital Facilities from State Bank of India	13.14	11.50
	Export Bills Discounted	13.02	18.65
	Total	26.16	30.15
	The loans have been secured as under: 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. Loans from State Bank of India is further secured by Pledge of Promoters Shares in the Company to an extent of 53,52,516 Equity Shares and Personal Guarantee by Promoters.		
	Total	26.16	30.15
8	TRADE PAYABLES		
	-- Acceptances	19.23	5.51
	-- Other than Acceptances	9.90	8.81
	-- MSME	-	-
	-- Other Trade Payables	6.11	7.71
	Total	35.24	22.03
	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 2012 as Micro, Small or Medium Enterprises (MSME). Consequently the amount payable to these enterprises during the year is NIL.		
9	OTHER CURRENT LIABILITIES		
a	Current Maturities of Long-Term Borrowings - Term loans		
	Term loans from Banks		
	Clean Term loans	4.77	3.33
	Other Term loans	2.53	2.11
	Rent-Plus Term loans	1.00	0.67
	Funded Interest Term loans	8.41	0.36
		16.71	6.47
b	Other Payables		
	Salaries and Wages Payable	1.87	1.95
	Sales Tax / VAT Payable	0.02	0.01
	Service Tax Payable	0.32	-
	Statutory Remittances - Payable	0.56	0.58
	TDS Payable	0.21	0.12
	Others - Amount Payable / Receivable on Forward Contracts	0.38	(0.19)
		3.36	2.47
	Total	20.07	8.94
	The Company is one among the Petitioners challenging the levy of Service Tax on Rent of Immovable Properties. The total Service Tax Liability on renting of Immovable Properties is Rs. 35,09,477/- upto September 30, 2011. The Supreme Court vide its Order dated 4th August 2011 has directed the petitioners to remit 50% of the disputed liability upto September 30, 2011 in three instalments and to furnish a Bank Guarantee / Solvency Certificate for the balance 50%. Further it ordered for payment of Service Tax on Rentals commencing 1st October 2011. The Company has accordingly paid 50% of the Disputed Service Tax of Rs. 17,54,739/- and has given a Bank Guarantee for the balance amount. The Company has provided for the Service Tax Amounts in the books as a matter of prudence and has started remitting Service Tax on lease rentals from 1st October 2011.		
10	SHORT-TERM PROVISIONS		
a	Provision for Employee Benefits		
	Provision for Bonus	1.11	2.37
	Provision for compensated absences / earned leave encashment	1.30	1.30
	Provision for Gratuity (Refer Note 32)	0.24	0.21
	Total	2.65	3.88

Note 11 - Fixed Assets
Tangible Assets

Rs. In Crores

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/11	Additions	Deductions / Adjustments	As on 31/03/12	As on 01/04/11	For the year	Deductions / Adjustments	As on 31/03/12	As on 31/03/12	As on 31/03/11
1	Land and Site Development	1.71	-	-	1.71	-	-	-	-	1.71	1.71
2	Buildings	26.71	0.53	-	27.24	7.90	0.88	-	8.78	18.47	18.81
3	Plant & Machinery	70.25	0.03	4.09	66.17	22.45	4.46	3.96	22.95	43.22	47.80
4	Electrical Installation	9.67	-	-	9.67	3.04	0.46	-	3.50	6.18	6.64
5	Office Equipments	1.84	0.01	-	1.85	0.45	0.09	-	0.54	1.32	1.40
6	Computers	7.05	0.11	-	7.16	6.04	0.65	-	6.69	0.48	1.01
7	Vehicles	0.14	-	-	0.14	0.06	0.01	-	0.07	0.07	0.08
8	Furniture & Fixtures	5.03	0.01	-	5.04	2.04	0.29	-	2.33	2.70	2.99
	Total	122.40	0.69	4.09	118.98	41.98	6.84	3.96	44.86	74.15	80.44
	Previous Year	130.00	1.72	21.55	122.40	41.26	8.44	11.34	41.97	80.43	88.73
Intangible Assets											
1	Computer Software	1.94	0.18	-	2.12	1.46	0.32	-	1.78	0.35	0.48
	Total	1.94	0.18	-	2.12	1.46	0.32	-	1.78	0.35	0.48
	Previous Year	2.22	-	0.28	1.94	1.26	0.31	0.12	1.46	0.48	0.96

PARTICULARS		As at 31-Mar-12	As at 31-Mar-11
12	NON-CURRENT INVESTMENTS		
	Investments at Cost		
	-- Trade	-	-
	-- Other Investments		
	Investments in Equity Instruments of Subsidiary Company - Celebrity Clothing Limited 50,000 Shares (PY - 50,000) of Rs.10/- each	0.05	0.05
	Total	0.05	0.05
13	LONG-TERM LOANS AND ADVANCES		
a	Deposits - Unsecured - Considered Good		
	-- Rent	1.65	1.65
	-- Government or Public Bodies	1.11	1.11
	-- Others	0.02	0.02
		2.78	2.78
b	Advance Income Tax (Net of Provisions) - Unsecured - Considered Good	0.29	0.29
	Total	3.07	3.07
14	OTHER NON-CURRENT ASSETS		
a	Interest accrued on Fixed Deposits	0.06	0.23
	Total	0.06	0.23
15	CURRENT INVESTMENTS		
	Investment in Mutual Funds at Cost	-	7.25
	SBI Magnum Insta Cash Fund (Liquid - Growth) (33,30,255.7717 units with Face Value at Rs.10 per unit and Market Value at Rs.21.7701 per unit)		
	Total	-	7.25
16	INVENTORIES		
a	Raw Materials	8.73	8.42
b	Trims and Packing Materials & Consumables	1.89	3.67
c	Work-in-Progress	2.22	0.83
d	Finished Goods	13.29	7.91
e	Goods in Transit	-	2.03
	Total	26.13	22.86

PARTICULARS		As at 31-Mar-12	As at 31-Mar-11
17	TRADE RECEIVABLES		
	Unsecured - Considered Good		
a	Outstanding for a period exceeding six months from the due date	-	-
b	Other Trade Receivables	24.28	27.45
	Total	24.28	27.45
	Other Trade Receivables include Rs.6.22 crs payable to Company under Significant Influence or Control of Key Managerial Personnel as specified in Note 30 (d)(ii)		
18	CASH AND BANK BALANCES		
a	Cash on hand	0.12	1.76
b	Balances with Bank		
	-- in Current Account	3.31	1.74
	-- in Deposit Account - held as Margin Money against Borrowings / Guarantees	3.68	4.10
	Total	7.11	7.60
	Fixed Deposits in Deposit Account includes deposit of Rs.32,20,115/- with more than 12 months maturity		
19	SHORT-TERM LOANS AND ADVANCES		
a	Loans and advances to Employees - Unsecured - Considered Good	0.32	0.38
b	Balances with Government Authorities - Unsecured - Considered Good		
	Duty Drawback receivable	1.04	0.78
	Service Tax Receivable	0.61	0.35
	Cenvat Receivable	0.26	0.27
	Total	2.23	1.78
20	OTHER CURRENT ASSETS		
	Advances to Suppliers of Goods and Services	0.77	0.66
	Tax deducted at Source	1.37	0.99
	Others	1.00	0.26
	Total	3.14	1.91
21	REVENUE FROM OPERATIONS (GROSS)		
a	Sale of Products		
	-- Exports	181.35	169.72
	-- Domestic (Gross)	10.51	1.23
b	Other Operating Revenues		
	-- Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)	(17.24)	(3.55)
	-- Income from Contract Manufacturing Activities	12.52	14.93
	-- Duty Drawback	4.62	6.17
	Total	191.76	188.50
22	OTHER INCOME		
a	Interest Accrued / Received on Fixed Deposits	0.12	0.52
b	Gain on Sale of Current Investments	0.40	0.01
c	Gain on Sale of Fixed Assets	-	6.81
d	Rental and Other Income	2.17	1.50
	Total	2.69	8.84
23	COST OF MATERIALS		
	Opening Stock of Materials	11.38	12.57
	Add:		
	Purchases of Materials	119.43	112.34
	Less : Closing Stock of Materials	10.62	11.38
	Total	120.19	113.53
	CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC		
	Closing Stock		
	- Finished Goods	13.29	7.91
	- Work-in-Progress	2.22	0.83
	Opening Stock		
	- Finished Goods	7.91	14.63
	- Work-in-Progress	0.83	1.87
	Total	(6.77)	7.76

PARTICULARS		As at 31-Mar-12	As at 31-Mar-11
24	EMPLOYEE COSTS		
	Salaries and Wages	29.47	34.11
	Statutory Contributions	3.47	3.79
	Welfare Expenses	1.56	1.66
	Total	34.50	39.56
25	OTHER EXPENSES		
	Subcontracting and Garment Processing Costs	11.72	8.47
	Traveling & Conveyance	5.22	4.81
	Power & Fuel	4.43	5.03
	Rent	3.10	2.67
	Shipping Charges	2.87	2.47
	Consumables	1.65	1.35
	Consultancy Charges	0.76	1.20
	Communication Expenses	0.62	0.57
	Selling Commission & Discounts	0.39	0.16
	Printing & Stationery	0.37	0.35
	Rates and Taxes	0.32	0.29
	Insurance	0.18	1.49
	Export Expenses	0.14	0.15
	Auditors' remuneration	0.05	0.05
	Other Miscellaneous Expenses	3.24	3.71
	Remuneration to Directors	0.24	0.36
	Total	35.30	33.13
	Auditors' Remuneration includes Rs.4,00,000/-(PY-Rs.4,00,000/-) against Statutory Audit, Rs.60,000/-(PY-Rs.60,000/-) against Tax Audit for an amount of Rs.305,312 (PY - Rs.191,970/-) was paid to the Auditors towards Certification, Out-of-Pocket Expenses and for representation in Taxation matters and the same is classified under Consultancy Charges		
	Directors Sitting Fee of Rs.24,000 (PY - Rs.66,500/-) is grouped under Other Miscellaneous Expenses		
26	FINANCE COSTS		
a	Interest on		
	-- Term loans **	8.73	10.64
	-- Working Capital & Others	4.89	2.29
b	Other Borrowing Costs - Bank Charges	1.76	1.37
c	Net (Gain) / Loss on Foreign Currency Transactions (considered as Finance Costs)	0.97	(0.24)
	Total	16.35	14.06
	**Interest on Term loans is net off TUF Interest subsidy of Rs.2,52,12,828/- received during the year		
27	EROSION OF NETWORTH AND DECLARATION AS SICK UNIT		
	The Company's networth was eroded as on 31st March 2010 under the provisions of Sick Industries Companies Act, (SICA). Accordingly the Company filed reference with the Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of SICA. The reference was taken for consideration by BIFR and upon submissions made and material on record, BIFR has declared the Company as Sick Industrial Company u/s 3(1)(o) of SICA vide its order dated 19th April 2011. BIFR issued directions to the lenders and to the Company to submit a Rehabilitation Scheme as per Section 18 of SICA. The Company has submitted its Draft Rehabilitation Proposal to the Operating Agency, State Bank of India and is awaiting the sanction of the Second Re-structuring Package. The Accounts of the Company have been prepared on the basis of 'Going Concern Concept' despite negative net worth as on 31st March 2012 in view of the various strategic initiatives that the company is exploring and also considering the Rehabilitation Scheme submitted to the Banks / BIFR. The Management is confident of being able to continue and operate the business and bring positive results in future.		
28	EARNINGS PER SHARE		
	Earnings Per Share - In Rs.		
	-- Basic	(7.00)	(10.28)
	-- Diluted	(7.00)	(10.28)
	Earnings per Share is calculated as under:		
a	Numerator		
	Net Profit after Tax as disclosed in Statement of Profit and Loss	(13.67)	(19.51)

		Rs. In Crores	
PARTICULARS	As at 31-Mar-12	As at 31-Mar-11	
b	Denominator		
	Weighted Average Number of Equity Share Outstanding		
	-- Basic	19,534,665	18,968,593
	-- Diluted	19,534,665	18,968,593
c	Nominal Value of Share (In Rs.)	10.00	10.00
29	CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)		
a	Guarantees given by Banks and Counter Guaranteed by the Company	0.18	-
b	On account of Letters of Credit issued by Bankers on behalf of the Company	0.49	5.72
c	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.13.50 lakhs has been Paid - categorized under Advance Income Tax.	0.77	1.24
	Based on the decisions of the appellate authorities for the earlier years and interpretations of other relevant provisions, the Company is of the Opinion that the demands are likely to be deleted, and consequently no provision has been made for such demands.		
d	The Banks have extended concessional interest rate for the Credit facilities sanctioned to the Company for the period upto 31st March 2012. As per the terms of the Sanction letter, Banks have the right of recompense in future for the sacrifice extended.		
30	RELATED PARTY TRANSACTIONS		
a	Key Managerial Personnel:		
	Mr. V.Rajagopal		
	Mrs. Rama Rajagopal		
	Mr.S.Suryanarayanan		
b	Enterprises under Control or Significant Influence of Key Managerial Personnel:		
	M/s Indian Terrain Fashions Limited		
	M/s Celebrity Clothing Limited		
	M/s Celebrity Connections		
c	Transactions carried out with Related Parties during the Year		
	Key Managerial Personnel		
	Managerial Remuneration	0.24	0.36
	Enterprises Under Same Management		
	Jobwork Charges, Material Purchases, Rentals and Administrative Expenses	19.90	19.10
d	Outstanding Balances as on 31.03.12		
i	Payable as Managerial Remuneration	0.02	0.02
ii	Trade Receivable against Jobwork Charges and Material Transfers - Indian Terrain Fashions Limited	6.22	5.14
31	DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES		
	Loans and advances in the nature of Loans given to Subsidiaries, Associates and Others	-	-
32	EMPLOYEE BENEFIT PLAN - GRATUITY		
	The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.		
	Amount Recognised in the Balance Sheet in respect of gratuity		
	Present Value of Defined Benefit Obligation at the end of the Year	0.81	0.91
	Fair Value of Plan Assets at the end of the Year	0.57	0.70
	Net Liability / (Asset)	0.24	0.21
	Amount Recognised in Profit and Loss Account in respect of gratuity		
	Current Service Cost	0.17	0.18
	Interest on Defined Benefit Obligations	0.07	0.07
	Expected Return on Plan Assets	(0.06)	(0.09)
	Net Actuarial (Gain) / Loss recognised during the Period	0.19	0.58
	Net Gratuity Cost	0.37	0.75

PARTICULARS	As at 31-Mar-12	As at 31-Mar-11
Actual Return on Plan Assets		
Expected Return on Plan Assets	0.06	0.09
Actuarial Gain / (Loss) on Plan Assets	(0.00)	(0.03)
Actual Return on Plan Assets	0.05	0.06
Reconciliation of present value of obligation and the fair value of the plan assets		
Opening Defined Benefit Obligation	0.91	0.90
Current Service Cost	0.17	0.18
Interest Cost	0.07	0.07
Actuarial (Gain) / Loss	0.19	0.55
Benefits Paid	(0.53)	(0.79)
Closing Defined Benefit Obligation	0.81	0.91
Opening Fair Value of Plan Assets	0.70	1.07
Expected Return on Plan Assets	0.06	0.09
Actuarial Gain / (Loss)	(0.00)	(0.03)
Employer Contributions	0.35	0.36
Benefits Paid	(0.53)	(0.79)
Closing Fair Value of Plan Assets	0.57	0.70
Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at the beginning of the Year	0.91	0.90
Interest Cost	0.07	0.07
Current Service Cost	0.17	0.18
Benefit Paid	(0.53)	(0.79)
Actuarial (gain) / loss on obligations	0.19	0.55
Liability at the end of the Year	0.81	0.91
Closing balances of Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the Year	0.70	1.07
Expected Return on Plan Assets	0.06	0.09
Employer Contributions	0.35	0.36
Benefits Paid	(0.53)	(0.79)
Actuarial gain/(loss) on Plan Assets	(0.00)	(0.03)
Fair Value of Plan Assets at the end of the Year	0.57	0.70
Actual Return on plan assets	0.05	0.06
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 take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
33 EMPLOYEE STOCK OPTION SCHEME DETAILS (ESOP)		
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:		
ESOP Details as on the date of the Balance Sheet		
Options Outstanding at the beginning of the Year	-	193,200
Granted during the Year		
Exercised during the Year	-	20,000
Allotted during the Year		20,000
Lapsed / Cancelled / Surrendered during the Year		173,200
Options Outstanding at the end of the Year	-	-

		Rs. In Crores	
PARTICULARS	As at 31-Mar-12	As at 31-Mar-11	
34	OTHERS		
a	Aggregate Expenses		
	Electricity Expenses included under Power and Fuel	1.86	2.47
b	Earnings in Foreign Currency		
	Export of Goods - FOB Value	181.35	169.72
c	Expenditure in Foreign Currency		
	Selling Commission & Consultancy Charges	0.03	0.16
	Travel	0.07	0.25
	Claims	0.07	0.14
	Interest	0.17	0.18
d	Value of Imports		
	Rawmaterials	66.11	44.65
	Capital Goods	-	0.62
e	Imported and Indegenious Consumption of Rawmaterials		
	Imported		
	-- Rs. In Crores	52.89	46.55
	-- % to Total	44.0%	41.0%
	Indigenous		
	-- Rs. In Crores	67.31	66.98
	-- % to Total	56.0%	59.0%
35	OTHER DISCLOSURES		
a	Foreign Exchange Differences		
	Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account	(17.40)	(3.63)
	Premium / (Discount) on Forward Foreign Exchange Contracts recognized	0.16	0.08
b	No amount is paid / payable by the company U/s 441 A of the Companies Act, 1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.		
c	During the Year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for the preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the Current Year.		

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 175S

For CNGSN & Associates
Chartered Accountants
Registration # 4915S

For and on Behalf of the Board
V Rajagopal
Chairman

G Anil
Partner
Membership # 22450

C N Gangadaran
Partner
Membership # 11205

S Surya Narayanan
Managing Director

Chennai, 15th May, 2012

K Ramya
Company Secretary

Cashflow Statement for the year ending 31st March 2012
Rs. In Crores

Sl. No.	Particulars	2011-12	2010-11
A	Cashflow from Operating Activities		
	Net Profit before Tax and before Extra-Ordinary Items	(13.67)	(19.51)
	Adjustments for:		
	Depreciation for the Year	7.16	8.76
	Depreciation for Sale of Assets	(3.96)	(7.85)
	Amortisation of Stock Compensation	-	(0.63)
	Unrealised (Gain) / Loss on Exchange Differences	1.50	(0.01)
	Interest & Finance Charges paid	16.36	14.06
	Interest Income	(0.12)	(0.52)
	(Profit) / Loss on Sale of Investments	(0.40)	(0.01)
	(Profit) / Loss on Sale of Fixed Assets	-	(6.81)
	Operating Profit before Working Capital Changes	6.88	(12.52)
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	(4.34)	36.93
	Decrease / (Increase) in inventories	(3.27)	27.10
	Increase / (Decrease) in creditors and other payables	23.10	(9.43)
	Cash generated from Operations	22.37	42.08
	Income Taxes Refund / (Paid) (net)	(0.38)	(0.42)
	Net Cash from Operating Activities	21.99	41.66
B	Cashflow from Investing Activities		
	Proceeds from Sale of Fixed Assets	4.09	16.40
	Transfer of Fixed Assets - Demerger	-	8.64
	(Purchase) of Fixed Assets	(0.88)	(1.72)
	(Purchase) / Sale of Investments (net)	7.65	(7.24)
	Cancellation of Investments - Demerger Impact	-	0.05
	Interest Received	0.12	0.52
	Net Cash (Used In) / from Investing Activities	10.98	16.65
C	Cashflow from Financing Activities		
	Proceeds from issue of Share Capital	-	1.39
	Share Premium Received	-	2.05
	Share Application Money Received	-	(0.25)
	Loss on Business Re-structuring	-	(13.59)
	Short Term Borrowings	1.65	(18.68)
	Term loan Receipts (Net)	(18.76)	(26.67)
	Interest and Finance Charges paid	(16.36)	(14.06)
	Net Cash (Used In) / from Financing Activities	(33.47)	(69.80)
	Net Increase in Cash and Cash Equivalents	(0.50)	(11.49)
	Cash and Cash Equivalents (Opening Balance)	7.60	19.10
	Cash and Cash Equivalents (Closing Balance)	7.11	7.60
	Note:		
1	The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3		
2	Cash and Cash equivalents represents		
	-- Cash balances		
	-- Bank balances		
	-- Deposits held as Margin Money against Borrowings / Guarantees (Refer Note 16)		
3	Previous year figures are re-grouped / re-classified in line with current year requirements		

To be read with our report of even date

 For Anil Nair & Associates
 Chartered Accountants
 Registration # 175S

 For CNGSN & Associates
 Chartered Accountants
 Registration # 4915S

 For and on Behalf of the Board
 V Rajagopal
 Chairman

 G Anil
 Partner
 Membership # 22450

 C N Gangadaran
 Partner
 Membership # 11205

 S Surya Narayanan
 Managing Director

K Ramya
 Company Secretary

Chennai, 15th May, 2012

SUBSIDIARY COMPANY**CELEBRITY CLOTHING LIMITED****NOTICE CONVENING THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Third Annual General Meeting of Celebrity Clothing Limited will be held on Monday, the 17th September, 2012 at 2.00 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, 2012 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 Statutory Auditor of the Company.

Date : 09th August, 2012 For and On behalf of the Board
Place: Chennai

V. Rajagopal
Chairman

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.

Director's Report

Your Directors hereby present the Third Annual Report along with Audited Balance Sheet and Profit & Loss account of the Company for the year ended 31st March 2012.

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 2012, the applicable Accounting Standards have been followed and there are no material departures;
 - ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
 - iii. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv. The Directors have prepared the Annual Accounts on a going concern basis.
- B) As there is no employee, the Particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 is not appended.
- C) The information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given below:

i. Conservation of Energy:

The operations of the Company are not energy-intensive. However, wherever possible, the Company strives to curtail the consumption of energy on a continuing basis.

ii. Technology absorption:

Not applicable.

For and on Behalf of the Board

Date :15th May 2012
Place : Chennai

V Rajagopal
Chairman

AUDITOR'S REPORT**To the Members of,****M/s. CELEBRITY CLOTHING LIMITED**

1. We have audited the attached Balance Sheet of M/s. CELEBRITY CLOTHING LIMITED as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the period ended on that date both 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 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
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, the Statement of Profit & Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to 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 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - f) 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 the 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 March 31, 2012,
 - ii) In the case of the Statement of Profit and Loss of the profit for the year ended on that date, and
 - iii) In the case of the Cash Flow statement of the cash flows of the Company for the period ended on that date.

For ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000175S

G. ANIL
Partner

Chennai, 15th May, 2012

Membership No. 22450

ANNEXURE TO THE AUDITOR'S REPORT

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

1. According to the information and explanations given to us, during the period under review the Company did not hold any fixed assets, consequently the reporting requirement under clause (i) of paragraph 4 of the Order is not applicable to the Company.
2. During the period under review and according to the information and explanations given to us the Company did not hold any inventory, therefore the requirement of reporting under clause (ii) of paragraph 4 of the Order is not applicable to the Company.
3. 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 are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and also for rendering services. During the course of our audit, we have not observed any major weaknesses in the internal control system.
5. According to the information and explanations given to us, the Company has not entered into any contract or arrangement referred to in Section 301 of the Companies Act, 1956, consequently Clauses (v)(a) and (v)(b) of paragraph 4 of the Order are not applicable to the Company for the current year.
6. According to the information and explanations given to us the Company has not accepted any deposits from the public. Therefore the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. According to the information and explanations given to us, we are of the opinion that since the aggregate of the paid up capital and free reserves of the Company did not exceed Rupees Fifty Lakhs during the year and that the Company is yet to commence business activities, no comment on the internal audit system is required.
8. To the best of our knowledge and as explained to us, since the aggregate net worth of the Company as on the last date of the immediately preceding financial year did not exceed Rupees 5 Crores and also the fact that the Company was yet to commence commercial operations, the company was not required to maintain Cost Accounting Records prescribed under section 209(1) (d) of the Companies Act, 1956. Accordingly, paragraph 4 (viii) of the Order is not applicable to the Company.

9. In respect of statutory dues:

According to the information and explanations given to us, the Company is yet to commence commercial operations, as such there were no statutory dues payable by the Company during the year under review. Therefore, in our opinion no comments are required with respect to the provisions of Clause 4(ix) of the Order.

Further since the Central Government has till date not prescribed the amount of Cess payable under section 441A of the Companies Act, 1956 we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

10. Since a period of five years has not elapsed since the date of incorporation and the fact that the company has not yet commenced revenue generation activities, we are of the opinion that no comment is required under clause(x) of para 4 of the Order (as amended).
11. According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution or banks. The Company did not have any debentures outstanding during the year. Hence in our opinion the question of reporting of clause 4(xi) of the Order does not arise.
12. According to the information and explanations given to us, and based on the records and documents produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the Company is neither a Chit Fund nor a Nidhi/Mutual Benefit Fund/Society. Therefore in our opinion the requirements of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 do not apply to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.

15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. To the best of our knowledge and belief and according to the information and explanations given to us, the Company did not have any term loans outstanding during the period.

17. According to the information and explanations given to us and an overall examination of the balance sheet, we report that no funds raised by the Company on a short term basis have been used for long term investment.

18. The Company has not made any preferential allotment of shares to Companies/Firms/Parties covered in the register maintained under section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us, the Company did not have any outstanding debentures during the year.

20. The Company has not raised any money by way of public issue during the year. Hence in our opinion Clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

21. To the best of our knowledge and belief and according to the information and explanations given to us, and the records of the Company examined by us, no material fraud on or by the Company was noticed or reported during the period .

For ANIL NAIR & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000175S

G. ANIL
Partner
Membership No. 22450
Chennai, 15th May, 2012

Balance Sheet as at 31st March 2012

Particulars	Note No.	Rs. In lakhs	
		As at 31-03-12	As at 31-03-11
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	2	5.00	5.00
(b) Reserves and Surplus	3	0.08	(0.16)
		5.08	4.84
2 Current Liabilities			
(a) Trade payables	4	0.10	0.05
(b) Short-term provisions	5	0.04	-
		0.14	0.05
Total		5.22	4.89
II ASSETS			
1 Non-Current Assets		-	-
2 Current Assets			
(a) Cash and Bank Balances	6	4.90	4.67
(b) Other Current Assets	7	0.32	0.22
		5.22	4.89
Total		5.22	4.89
See Accompanying Notes to Financial Statements	{ 1 to 18		

To be read with our report of even date
For Anil Nair & Associates
Chartered Accountants
Firm's Registration Number 000175S

G Anil
Partner
Membership Number 22450

Chennai
15th May 2012

For and on Behalf of the Board

V Rajagopal
Chairman

S Surya Narayanan
Director

Statement of Profit and Loss for the Year Ended 31st March 2012

Particulars	Note No.	Rs. In lakhs	
		As at 31-03-12	As at 31-03-11
I Other Income	8	0.34	0.22
II Total Revenue		0.34	0.22
III Expenses			
a Other Expenses	9	0.05	0.05
b Preliminary Expenses Written off		-	0.32
IV Total		0.05	0.37
V Earnings before Interest, Depreciation and Tax (II-IV)		0.29	(0.15)
Less:			
Finance Costs	10	0.01	0.01
VI Profit / (Loss) before Tax		0.28	(0.16)
VII Tax Expenses			
a Current Tax		0.04	-
Total Tax Expense		0.04	-
VIII Profit / (Loss) for the Period		0.24	(0.16)
IX Earnings Per Share - In Rs.			
-- Basic		0.49	(0.33)
-- Diluted		0.49	(0.33)
See Accompanying Notes to Financial Statements 1 to 18			

To be read with our report of even date
For Anil Nair & Associates
Chartered Accountants
Firm's Registration Number 000175S

G Anil
Partner
Membership Number 22450

Chennai
15th May 2012

For and on Behalf of the Board

V Rajagopal
Chairman

S Surya Narayanan
Director

1. Significant Accounting Policies
a. Basis of preparation of financial statements:

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

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

b. Change in Financial reporting Format under Schedule VI:

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for the preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets

and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

d. Revenue Recognition:

The Company follows the mercantile system of accounting and recognises income on accrual basis, in accordance with the requirements of the Companies Act, 1956. Interest income is included under the head "Other Income" in the Statement of Profit and Loss.

e. Taxation:

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

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

f. Cash and cash equivalents:

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

g. Cash Flow Statement:

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

h. Provisions:

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

i. Contingencies:

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

j. Earnings Per Share:

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

Rs. In Lakhs

PARTICULARS	As at 31-Mar-12	As at 31-Mar-11
2 SHARE CAPITAL		
a Authorised, Issued, Subscribed and Paid-Up Share Capital Authorised Share Capital: 50,000 (Prev. Yr. 50,000) Equity Shares of Rs.10/- each	5.00	5.00
Issued, Subscribed and Paid up Capital : 50,000 (Prev. Yr. 50,000) Equity Shares of Rs.10/- each	5.00	5.00
Total	5.00	5.00
b Reconciliation of the number of Shares		
Number of Equity Shares Outstanding at the beginning of the Year	50,000	50,000
Add: Number of Shares issued during the Year	-	-
Number of Equity Shares Outstanding at the end of the Year	50,000	50,000
c Rights, Preferences and Restrictions attached to Equity Shares	NIL	NIL
The Company has only one class of shares referred to as Equity Shares having a par value of Rs.10/- Each holder of equity shares is entitled to one vote per share		
d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates	50,000	50,000
e Details of Shares held by each Shareholder holding more than 5%		

PARTICULARS		As at 31-Mar-12	As at 31-Mar-11
	No. of Shares		
	Celebrity Fashions Limited	50,000	50,000
	% Holding		
	Celebrity Fashions Limited	100.0%	100.0%
f	Shares reserved for issuance	NIL	NIL
g	Shares allotted for consideration other than cash during the last 5 years	NIL	NIL
3	RESERVES AND SURPLUS		
a	Capital Reserve		
	Opening Balance	-	-
	Add:Additions during the year	-	-
	Closing Balance	-	-
b	General Reserve		
	Opening Balance	-	-
	Add:Additions during the year	-	-
	Closing Balance	-	-
c	Share Premium		
	Opening Balance	-	-
	Add: Additions During the Year	-	-
	Closing Balance	-	-
d	Share Options Outstanding Account		
	Opening Balance	-	-
	Amounts recorded on grants/modifications/cancellations during the year	-	-
	Closing Balance	-	-
e	Surplus / (Deficit) in Statement of Profit and Loss		
	Opening Balance	(0.16)	(0.16)
	Add: Profit / (Loss) for the Year	0.24	-
	Closing Balance	0.08	(0.16)
	Total	0.08	(0.16)
4	TRADE PAYABLES		
	-- Other Trade Payables	0.10	0.05
	Total	0.10	0.05
5	SHORT-TERM PROVISIONS		
a	Provision - Others		
	Provision for Tax	0.04	-
	Total	0.04	-
6	CASH AND BANK BALANCES		
a	Cash on hand	-	-
b	Balances with Bank		
	-- in Current Account	0.11	0.12
	-- in Deposit Account	4.79	4.55
	Total	4.90	4.67
	Fixed Deposits in Deposit Account includes deposit of Rs.4,78,608/- with a maturity period of 12 months.		
7	OTHER CURRENT ASSETS		
a	Interest accrued on Fixed Deposits	0.32	0.22
	Total	0.32	0.22
8	OTHER INCOME		
a	Interest on Fixed Deposits	0.34	0.22
	Total	0.34	0.22
9	OTHER EXPENSES		
	Auditors' remuneration	0.05	0.05
	Total	0.05	0.05
	Auditors' Remuneration Rs.5,000/- (PY-Rs.5,000/-) towards Statutory Audit.		
10	FINANCE COSTS		
b	Bank Charges	0.01	0.01
	Total	0.01	0.01

Rs. In Lakhs

11. The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2012 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to these parties during the year is NIL.
12. In the opinion of the Board of Directors, Current Assets are expected to realize the stated values in the ordinary course of business.
13. No amount is paid / payable by the Company under Section 441A of the Companies Act, 1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.
14. There was no foreign exchange inflow or outflow during the year.
15. There were no employees in receipt of remuneration in excess of the limits specified in section 217(2A) of the Companies Act, 1956
16. Earnings per Share :

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the number of equity shares outstanding during the year.

(Rs. In Lakhs)

Particulars	For the Year ended	
	31st March, 2012	31st March, 2011
Net Profit/(Loss) after Tax for the year	0.25	(0.16)
Number of Equity Shares Outstanding	50,000	50,000
Basic and Diluted EPS	0.49	-

17. Related Party Disclosures pursuant to Accounting Standard 18

a. Key Managerial Personnel

Mr. V Rajagopal

Mrs. Rama Rajagopal

Mr. S Surya Narayanan

b. Enterprises under Control or Significant Influence of Key Managerial Personnel

M/s Celebrity Fashions Limited

M/s Indian Terrain Fashions Limited

M/s Celebrity Connections

c. Related Party Transactions - Nil

18. Previous year figures have been regrouped, reworked and reclassified wherever necessary to confirm to Current Year Classification.

For and on behalf of the Board of Directors

To be read with our report of even date

For ANIL NAIR & ASSOCIATES
Chartered Accountants
Registration No 000175S

V Rajagopal
Chairman

S Surya Narayanan
Director

G. ANIL
Partner

Membership No – 22450

Chennai, 15th May 2012

Sl. No.	Particulars	2011-12 Rs.		2010-11 Rs.	
A	Cashflow from Operating Activities				
	Net Profit before Tax and before Extra-Ordinary Items		0.28		(0.16)
	Interest & Finance Charges paid	0.01		0.01	
	Interest Income	(0.34)	(0.33)	(0.22)	(0.21)
	Operating Profit before Working Capital Changes		(0.05)		(0.37)
	Decrease / (Increase) in debtors and other receivables	(0.10)		(0.22)	
	Increase / (Decrease) in creditors and other payables	0.09	(0.01)	0.05	(0.17)
	Cash generated from Operations		(0.06)		(0.54)
	Income Taxes Refund / (Paid) (net)		(0.04)		-
	Preliminary Expenses written off				0.32
	Net Cash from Operating Activities		(0.10)		(0.22)
B	Cashflow from Investing Activities				
	Interest Received	0.34	0.34	0.22	0.22
	Net Cash (Used In) / from Investing Activities		0.34		0.22
C	Cashflow from Financing Activities				
	Interest and Finance Charges paid	(0.01)	(0.01)	(0.01)	(0.01)
	Net Cash (Used In) / from Financing Activities		(0.01)		(0.01)
	Net Increase in Cash and Cash Equivalents		0.23		(0.01)
	Cash and Cash Equivalents (Opening Balance)		4.67		4.68
	Cash and Cash Equivalents (Closing Balance)		4.90		4.67

Note:

- The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3
- Cash and Cash equivalents represents
 - Cash balances
 - Bank balances
 - Deposits held as Margin Money against Borrowings / Guarantees
- Previous year figures are re-grouped / re-classified in line with current year requirements

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Firm's Registration Number 000175S

For and on Behalf of the Board

G. Anil
Partner
Membership Number 22450

V Rajagopal
Chairman

Chennai
15th May 2012

S Surya Narayanan
Director

Celebrity Fashions Limited

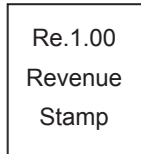
SDF – IV & C2, 3rd Main Road, MEPZ – SEZ, Tambaram, Chennai – 600 045

Proxy Form

Regd Folio No. /DP/ Client ID

I / We of 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 Third Annual General Meeting of the Company to be held on Monday, the 17th day of September 2012, at 3.00 P.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 2012.

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

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 Third 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 3.00 P.M. on Monday,the 17th day of September 2012

.....
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 2300 / 2200
Fax : +91 44 22622897