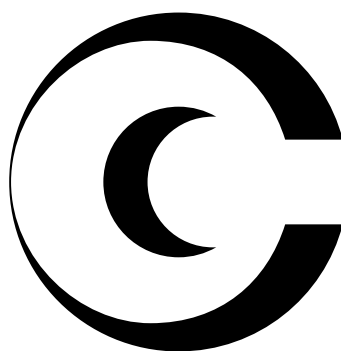


Celebrity Fashions Limited



24th
ANNUAL REPORT 2012-2013

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BOARD OF DIRECTORS

Mr. V. Rajagopal, Chairman
Mr. Charath Ram Narsimhan, Managing Director
Mrs. Rama Rajagopal, Director
Mr. N.K. Ranganath, Independent Director
Mrs. Nidhi Reddy, Independent Director
Mr. P.S.Raman, Independent Director
Mr. Ramji Sinha, Special Director

Management Team

Mr. Selin Reubalin C. C	VP - Operations
Mrs. Pushpa R	GM – Merchandising
Mrs. Visalakshi. L	GM – Finance & Accounts
Mr. A.M. Gopinath	GM – Commercial
Mr. W. Charlie Manickarayan	GM – Human Resources
Mr. Sankaranarayanan. G	GM – Sourcing
Mr. Martin Premkumar. A	GM - Technical
Mr. Balaji. J	GM – Purchase

REGISTERED OFFICE & CORPORATE OFFICE

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

NOTICE CONVENING THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of Celebrity Fashions Limited will be held on Monday the, 23rd September 2013 at 3.00 PM at the Registered Office of the Company, situated at SDF – IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai – 600 045 to transact the following businesses.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statement of Profit and Loss for the year ended 31st March 2013 and Balance Sheet as on that date together with the report of Directors and Auditors thereon.
2. To appoint Director in place of Mr N K Ranganath, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mrs Nidhi Reddy, who retires by rotation and being eligible offers herself for reappointment.
4. To appoint M/s Anil Nair & Associates, Chartered Accountants, Chennai and M/s CNGSN & Associates, Chartered Accountants, Chennai as Joint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

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

“RESOLVED THAT Mr P S Raman who was appointed by the Board of Directors as Additional director of the Company with effect from 10th January 2013 holds office up to the date of the ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the Office of the Company, be and is hereby appointed as a Director of the Company”

6. Appointment of Mr Charath Ram Narsimhan as Managing Director of the Company

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

RESOLVED THAT pursuant to the provisions of section 198,269,309,310,311 and schedule XIII and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and such other approvals, permissions and sanctions, as may be required, and the company hereby accords its approval to the appointment of Mr Charath Ram Narsimhan as the Managing Director from 13th February 2013 for a period of Five years.

RESOLVED FURTHER THAT Mr Charath Ram Narsimhan will not be paid any remuneration for holding the position of Managing director.

RESOLVED FURTHER THAT the remuneration if any payable in the future, Board of Directors of the Company be and are hereby authorized to fix and vary remuneration and perquisites including monetary value thereof to the extent the Board of Directors may consider appropriate and as may be considered and permitted or authorized and will be subject to the provisions of Section 198,269,309,310,311 and other applicable provisions of the Companies Act, 1956 and within the limits laid down under schedule XIII of the Companies Act 1956 for the time being in force and any statutory modifications or reenactment thereof, and / or any rules or regulations framed there under.

7. A. CONVERSION OF LOAN INTO 1% CUMULATIVE REDEEMABLE PREFERENCE SHARES (CRPS)

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

“RESOLVED THAT pursuant to section 80, 81, 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the provisions of the Memorandum & Articles of Association of the Company, and the listing agreement entered into by the company with the Stock Exchanges, where Shares of the Company are listed, restructuring package of the company sanctioned by State Bank of India, and subject to such approvals, consents, permissions and/ or sanctions as may be required from the Securities and Exchange Board of India (SEBI), and from any other government/ appropriate authorities / institutions

of bodies (hereinafter individually/ collectively referred to as the “concerned authorities”) and subject to such conditions if any, as may be stipulated by the concerned authorities from time to time in granting any such approvals, consents, permissions or sanctions, the Board of Directors of the Company be and is hereby authorized to allot 2,51,04,500 (Two crores fifty one lakhs four thousand and five hundred) 1% Cumulative Redeemable Preference Shares (CRPS) of face value of Rs.10/- (Rupees Ten Only) each against conversion of part outstanding amounts of the loan facilities amounting to Rs.25,10,45,000 (Twenty five crores ten lakhs forty five thousand only) provided by State Bank of India in accordance with the Re-structuring Package approved by Bank. The Conversion shall be in accordance with the following conditions:

- i) The Company shall allot and issue 2,51,04,500 (Two crores fifty one lakhs four thousand and five hundred) 1% Cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each aggregating to Rs.25,10,45,000 (Twenty five crores ten lakhs forty five thousand only) to State Bank of India in accordance with the Re-Structuring Package and the Bank shall accept the same in satisfaction of the part of the loans as envisaged in the Re-structuring Package. The Part of the said loans so converted shall cease to carry interest from the date of conversion and the said loans shall stand correspondingly reduced from the outstanding loan as on date of conversion.
- ii) The CRPS shall carry a dividend of 1% p.a. and will be redeemed in 6 equal annual installments starting from the Financial year 2021-22. If in case the cash flows does not permit redemption of these CRPS, the Company will issue fresh CRPS, carrying dividend at 1% p.a. to the holders of original CRPS as a consideration for redemption of original CRPS or redeem the CRPS from the promoters’ infusion of funds.
- iii) All other terms and conditions as may be presently or as amended from time to time.
- iv) Proposed Allottees to the issue:

Sl#	Name of the allottee	Category	1% Cumulative Redeemable Preference Shares (Face Value Rs.10/- each)	Amount of Loans to be Converted into 1% CRPS Rs.
1	State Bank of India	Public-Banks / Financial Institution	2,51,04,500	25,10,45,000

“RESOLVED FURTHER THAT, the Board be and is hereby authorized for the purpose of giving effect to this resolution, on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to enter into arrangements / agreements / make payment of dividend in priority to equity share holders in the case of 1% Cumulative Redeemable Preference Shares (CRPS) as per the terms and conditions mentioned above and to settle all questions, difficulties, doubts that may arise in regard to such issue as the Board, in its absolute discretion deem fit and take all steps which are incidental, consequential, relevant or ancillary in this connection.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s) / Authorized Representative(s) of the Company to give effect to the aforesaid resolution.”

B. CONVERSION OF LOANS INTO EQUITY SHARES

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

“RESOLVED THAT, in accordance with the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) (the “Act”) and in accordance with the provisions of the Memorandum of Association (“MOA”) and Articles of Association (“AOA”) of the Company, re-structured package sanctioned by State Bank of India, subject to the Listing Agreements entered into by the Company with the Stock exchanges on which company’s shares are listed and the rules/regulations/ guidelines, notifications, circulars and clarifications issued by Securities and Exchange Board of India (“SEBI”), SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”), SEBI (Substantial

Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI Takeover Regulations"), and any other applicable laws and regulations, permissions including from Reserve Bank of India ("RBI") or any other relevant authority from time to time, to the extent applicable and subject to any other government/ appropriate authorities/institutions of bodies (hereinafter individually / collectively referred to as the "concerned authorities") and subject to such conditions if any, as may be stipulated by the concerned authorities from time to time in granting any such approvals, consents, permissions or sanctions, the Board of Directors of the Company be and is hereby authorized to allot 74,69,100 (Seventy four lakhs sixty nine thousand and one hundred) Equity Shares of face value of Rs.10/- (Rupees Ten Only) each against conversion of part outstanding amounts of the loan facilities amounting to Rs.7,46,91,000 (Rupees Seven crores forty six lakhs ninety one thousand only) provided by State Bank of India in accordance with the Re-structuring Package sanctioned by Bank. The Conversion shall be in accordance with the following conditions:

- i) The Company shall allot and issue the requisite number of Equity Shares to State Bank of India in accordance with the Re-Structuring Package and State Bank of India shall accept the same in satisfaction of the part of the loans as envisaged in the Re-structuring Package.
- ii) The Part of the said loans so converted shall cease to carry interest from the date of conversion and the said loans shall stand correspondingly reduced from the outstanding loan as on date of conversion.
- iii) The Equity shares so issued and allotted to State Bank of India shall rank pari passu with the existing equity shares of the Company in all respects, inter alia, the dividends and other distributions or to be declared in respect of the equity capital of the Company.
- iv) Proposed Allottees to the issue:

Sl #	Name of the allottee	Category	Equity Shares (Face Value of Rs.10/- each)	Amount of Loans to be Converted into Equity Rs.
1	State Bank of India	Public-Banks / Financial Institution	74,69,100	7,46,91,000

"RESOLVED FURTHER THAT the Equity shares issued pursuant to conversion of the outstanding loans shall be subject to lock-in requirement as prescribed by the SEBI (ICDR) Regulations, 2009".

RESOLVED FURTHER THAT the Company shall be allowed to make an application to SEBI for exemption of lock-in period provisions after BIFR according approval for the Draft Re-habilitation Scheme.

"RESOLVED FURTHER THAT on conversion of the outstanding loans to Equity shares, the said Equity shares shall be listed on the Stock Exchanges on which the existing Equity Shares of the Company are listed".

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

Date : 09th August 2013 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 the 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 member and transfer books of the Company will be closed from Monday the 16th September 2013 to Monday the 23rd September 2013 (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 Shareholding 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, if your email address is not registered, 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.

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

Item No.5

Mr P S Raman was appointed as an Additional Director of the Company by the Board of Directors vide the Circular Resolution dated 10th January 2013. As per the provisions of Section 260 of the Companies Act, 1956 he holds office till the conclusion of the ensuing Annual General Meeting.

The Company has received a notice from a member under section 257 of the Companies Act, 1956 proposing his appointment as a Director.

Born on 07th November 1960, Mr P S Raman holds bachelor degree in Commerce and Law. He is an Advocate with more the two decades of practice in Madras High Court and in the Supreme Court.

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

Item No.6

The Board of Directors of the Company at their meeting held on 11th Day of February 2013 have appointed Mr Charath Ram Narsimhan as Managing Director of the Company for a period of Five years effective from 13th February 2013. He will hold the office as Managing Director without any remuneration.

i)Tenure : For a period of Five years with effect from 13th February 2013.

ii)Salary & Perquisites : Nil

iii)Sitting Fees : He will not be entitled to any sitting fees for attending the meetings of the Board or any Committee thereof.

Disclosure as per Clause 49 of the Listing Agreement
(a) Profile of Mr Charath Ram Narsimhan

Mr Charath Ram Narsimhan aged 40 holds Bachelors Degree from IIT and MBA Finance from IIM – Lucknow. He has over 16 years of experience in garment industry. He was working with Colorplus (Raymond's Group Company) before joining Indian Terrain Division of Celebrity Fashions Limited in November 2005 and heading the business as Chief Executive Officer.

He has been in Celebrity Fashions Limited for the past 10 years and held the position of Chief Executive officer for the group. He was inducted into the Board of Directors in February – 13 and was elevated as Managing Director of the Company.

(b) Expertise in specific functional areas

Managerial, Financial, Commercial, Systems and Administration.

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

Directorship of other Companies : Nil

Audit Committee : Member

Shareholders / Investors Grievances Committee : Member

Mr Charath Ram Narsimhan holds 25600 equity shares in the Company.

None of the Directors except Mr Charath Ram Narsimhan is interested or concerned in the proposed resolution.

Item No.7(A & B)

The Company is predominantly an exporter of Ready-Made Garments. The financial performance of the Company has been drastically affected for reasons beyond its control including Global economic recession, Volatility in currency movements and increase in raw material prices and other costs. The network of the Company has got eroded and the Company has been declared Sick in April 2011 by the Board for Industrial and Financial Reconstruction (BIFR). The Bankers to the Company include State Bank of India and HDFC Bank Limited. BIFR has appointed State Bank of India as the Operating Agency and has issued directions to submit a Rehabilitation Scheme for the revival of the Company. State Bank of India after conducting a Techno- Economic-Viability has sanctioned a Re-structuring Scheme for revival of the Company and State Bank of India (as the Operating Agency) has also submitted the Draft Rehabilitation Scheme (DRS) for approval before the Hon'ble BIFR. HDFC Bank Limited is yet to approve the Re-structuring Package for the Company.

The Company in its Extra Ordinary General Meeting dated 10th October 2012, has already secured the approval of the share holders for the conversion of loans in Equity & CRPS by State Bank of India and HDFC Bank Limited. However with the pending approval of the re-structuring scheme by HDFC Bank Limited and Hon'ble BIFR and with State Bank of India independently agreeing to implement the package considering the position of the Company as advised by Hon'ble BIFR in its hearing dated 17th April 2013, the Company is seeking the approval of the Share holders for conversion of loans pertaining to State Bank of India before the approval of DRS by BIFR.

The salient features of the Re-structuring Scheme sanctioned by State Bank of India include:

- i) Conversion of Rs.7.47 crores of Term loans into Equity Shares by State Bank of India.
- ii) Conversion of Rs.25.10 crores of Term loans into 1% Cumulative Redeemable Preference Shares by State Bank of India.
- iii) Infusion of Rs.7 crores towards Equity by the Promoters as contribution towards Lender's sacrifice. 50% of the Contribution from Promoters has already been brought in during October / November 2012 and balance 50% will be brought in by December 2013. Further the Re-structuring Scheme also envisages repayment of Term loans through Sale of Immovable Properties during the course of the Re-structuring Period and concessions in interest rates on Term loans.

Sl #	Name of the Allottee	Category	Pre-issue	Post-issue	% to Issue	
					Pre-Issue	Post-Issue
1	State Bank of India	Public-Banks / Financial Institution	-	74,69,100	-	24.48%
	Total			74,69,100	-	24.48%

The details of the proposed issue of 1% Cumulative Redeemable Preference Shares are as under:

Sl #	Name of the Allottee	Category	Pre-issue	Post-issue	% to Issue	
					Pre-Issue	Post-Issue
1	State Bank of India	Public-Banks / Financial Institution	-	2,51,04,500	-	100%
	Total			2,51,04,500	-	100%

The disclosures which are required to be given in the explanatory statement to the notice of the Annual General Meeting in terms of point no.73 of Chapter VII of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and as amended from time to time for Preferential Issues and as are in force on the date of this notice, are stated below:

i) Objects of the Issue: As mentioned above, the objective of the issue of equity and preference shares is to meet out the terms and conditions of the proposed Re-structuring Scheme sanctioned by State Bank of India for conversion of secured term loans into Equity and 1% Cumulative Redeemable Preference Shares. The issue of shares is part of the re-structuring package sanctioned by State Bank of India.

ii) Intention of the promoters / directors / their associates and relatives / key management persons with regard to the proposed issue :-

The proposed issue of securities is in terms of the re-structuring package sanctioned by State Bank of India. The allotment would not result in any change in control or management of the affairs of the Company. However there will be consequential change in the voting rights / share holding of the Company.

iii) Shareholding Pattern of the Company before and after the Proposed Issue:

Particulars	Pre-allotment Holding		Post-allotment Holding	
	Total No. of shares	% of Paid up capital	Total No. of shares	% of Paid up capital
Promoter & Promoter Group	10543796	45.7736	10543796	34.5656
Bodies Corporate	2598022	11.2787	2598022	8.5171
Foreign Institutional Investor	2100000	9.1167	2100000	6.8844
Financial Institution/Banks-				
1. SBI			7469100	24.4858
Resident Individuals	4179223	18.1432	4179223	13.7007
Clearing Members	162607	0.7059	162607	0.5331
Non Resident Indians	51017	0.2215	51017	0.1672
Foreign Companies	3400000	14.7604	3400000	11.1462
Total	23034665	100.00	30503765	100.00

NOTE:

The above Shareholding Pattern may change upon transfer of shares by existing shareholders of the Company from time to time.

iv) Proposed time within which the allotment shall be complete:

The Board will allot Equity Shares / CRPS within 15 days from the date of this Annual General Meeting.

v) Pricing of the Issue:

As per SEBI (ICDR) Regulations, 2009, for preferential issue, the issue price of the equity shares to be issued to State Bank of India comes to Rs.4.42/-. Against this, the equity shares are proposed to be issued on preferential basis at a price of Rs.10/- per share (i.e. at par value).

The relevant date for the above purpose means 30 days prior to the date on which the general meeting is held to consider the proposed issue under section 81(1A) of the Companies Act, 1956. As the date of Annual General Meeting of Shareholders is 23rd September 2013, the relevant date is 24th August 2013. A copy of the Certificate from the Statutory Auditors, M/s CNGSN Associates as per SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 shall be placed before the shareholders at the time of meeting.

vi) There will not be any change in the control of the Company on account of the proposed preferential issue of equity shares.

vii) The equity shares issued and allotted on a preferential basis hereunder will be subject to lock-in periods as per the provisions of SEBI (ICDR) Regulations, 2009. However, the Company will make an application to SEBI for exemption of lock-in period provisions post approval of DRS by BIFR.

The Board believes that the proposed offer will be in the best interest of the Company and its members. The Members are, therefore requested to accord their approvals to the proposed resolutions. None of the Directors of the Company are in any way, concerned or interested in the resolutions except Mr. V. Rajagopal, Chairman and Mrs. Rama Rajagopal, Director to the extent of their shareholding

Date : 09th August 2013 For and on behalf of the Board
Place : Chennai **V Rajagopal**
Chairman

Abstract of the terms of appointment and remuneration of Mr Charath Ram Narsimhan as Managing Director (Pursuant to Section 302 of the Companies Act, 1956)

1	Tenure	Five years effective from 13th February 2013
2	Salary	Nil
3	Medical Benefits	Nil
4	Telephone	Nil
5	Automobile	Nil
6	Reimbursement of expenses	Nil
7	Sitting Fess	Nil
8	Power to vary	The Board shall have power to fix, vary or enhance the remuneration from time to time at its discretion on the recommendation of the Remuneration Committee within the limits specified in Schedule XIII of the Companies Act, 1956.

Date : 09th August 2013 For and on behalf of the Board
Place : Chennai **V Rajagopal**
Chairman

Director's Report

Dear Shareholders,

Your Directors hereby present the 24th Annual Report along with the audited statements of the Company for the year ended 31st March 2013.

Financial Highlights – Rs. In Crs

	FY 2012-13	FY 2011-12
Revenue From operations	186.37	190.38
Gross Profit / (Loss) before interest and depreciation	6.26	9.85
Interest	4.35	16.36
Profit / (Loss) before depreciation and tax	1.91	(6.51)
Depreciation	6.59	7.16
Profit / (Loss) before Extra-Ordinary Income	(4.68)	(13.67)
Extra-Ordinary Income	-	-
Profit / (Loss) before tax	(4.68)	(13.67)
Provision for Taxation		
Profit / (Loss) after tax	(4.68)	(13.67)
Balance brought forward from previous year	(65.41)	(51.74)
Balance carried to Balance Sheet	(70.10)	(65.41)

India continue to be a major sourcing destination for buyers across the globe. India's share of the world's textile and apparel exports stands at 4.5 per cent. It is estimated that due to the increasing shift of textile and apparel production to Asian nations and the deteriorating export-competitiveness of China, this figure will grow to 8 per cent by 2020, with a total exports value of \$82 billion. This growth, from 4.5 per cent to 8 per cent of world trade, will open up huge potential for Indian players.

Although the Apparel Exports Market is looking up in the front end, the business and pricing conditions continue to remain tough. The competition from Indonesia, Bangladesh, Vietnam and Turkey is intense due to their low cost of manufacturing.

Your Company has recorded total revenues of Rs.186 crs for the financial year ending 31st March 2013 as compared to Rs.190 crs previous year. The operating margins are at Rs.6.25 crs as compared to Rs.9.85 crs last year. The increase in operating costs clubbed with reduction in turnover has contributed to lower margins for the current year.

Your Company was not able to gain on the fall in the Rupee against the USD until November 2012 on account of the USD-INR Option Contracts entered by the Company during 2007-08. With these contracts having come to an end in October 2012, your Company is expected to benefit by realising the full value of INR against USD.

The Young Management Team in place constantly strives to mitigate the problems, improve the financial health of the Company by controlling the losses and the Company foresees strong signs of revival.

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

State Bank of India has sanctioned a Re-structuring Package to the Company vide its Sanction Letter dated 16th November 2012. The package includes Conversion of portion of Term loans into Equity and 1% Cumulative Redeemable Preference Shares, re-scheduling of Term loan repayments and interest concessions. SBI has submitted the Package for approval before Hon'ble BIFR. The approval from HDFC Bank on the Re-structuring Package is awaited.

The Term loan obligations of State Bank of India in accordance with the Sanction letter dated 16th November 2012 have been met in full. However the interest commitments of Rs.4.01 crs against Working Capital Loans and Term loans is pending to be serviced from August 2012.

With HDFC Bank yet to approve the re-structuring package, the Company has defaulted in repayment of Term loans amounting to Rs.2.51 crs and Interest commitments of Rs.2.57 crs. The term loan repayment is pending from February 2012, while the interest commitment remains unpaid since February 2011.

The Accounts of the Company have been prepared on the basis of 'going concern concept' despite negative networth as on 31st March 2013 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

State Bank of India, in its Sanction letter dated 16th November 2012 has stipulated that Promoters should cause equity infusion of Rs.7 crs in phases toward their contribution. Accordingly your Company was in receipt of Rs.3.50 crs as first tranche of the equity infusion during October / November 2012.

The Company made preferential allotment of 14,00,000 Equity Shares at the face value of Rs.10/- per share to M/s Celebrity Connections, a partnership firm wherein the promoters Mr. V. Rajagopal and Mrs. Rama Rajagopal are the only partners and 21,00,000 Equity Shares at the face value of Rs.10/- per share to M/s Davos International Fund, a Foreign Institutional Investor during January 2013 towards their contribution to Equity. The allotment was approved by the Shareholders in the Extra-Ordinary General Meeting held in October 2012.

Consequent to the above, the Share Capital of the Company has increased by Rs.3.50 crs.

Dividend

In view of the business loss for the year, no dividend is being recommended.

Personnel

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

Directors

During the year under review, Mr. S. Surya Narayanan has resigned from the post of Managing Director. The Board places on record its appreciation for his tremendous contribution during his tenure.

Consequent to his resignation, Mr. Charath Ram Narsimhan, the group Chief Executive Officer has been elevated to the post of Managing Director.

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.

Cost Auditor

Pursuant to the provisions under Section 233B of the Companies Act, 1956 your Company has appointed M/s. Rafiq & Associates, as Cost Auditor of your Company for the financial year 2013-14.

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 2013, 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.165.44 crs
Total Foreign exchange outgo	Rs. 48.40 crs

Appreciation

The Directors are sincerely thankful to you – the esteemed shareholders, customers, business partners 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

Dated : 3rd May 2013
Place : Chennai,

“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
Charath Ram Narasimhan
Managing Director

Date : 3rd May 2013
Place : Chennai,

Management Discussion and Analysis – 31st March 2013

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

The year 2012 has been a year of weak growth for most developed countries, and one of slowing economic growth for developing nations. The sovereign debt crisis in Europe and policy uncertainty in the U.S. have constrained investment and hiring in those regions, causing subsequent declines in the demand for manufactured goods from developing nations, most notably China and India. This has resulted in lower commodity prices, which could have major ramifications for Canada, Australia and other resource-rich economies if sustained for an extended period.

Europe has spent the better part of the last two years fighting to contain sovereign debt problems that have emerged in Greece, Portugal, Ireland, Spain and Italy. So far, austerity measures, combined with euro area commitments to bail out troubled national governments and to reform banking regulations, have mostly contained the borrowing costs of the troubled nations.

However, Europe is starting to experience the side effects of the austerity measures implemented to rein in government spending. In the third quarter of 2012, real GDP growth in the European Union (EU) was essentially flat, following three consecutive quarters of negative growth. Spain and Italy have experienced five quarters of negative real GDP growth through the third quarter of 2012, while Portugal had seen four straight quarters of falling real GDP through the second quarter. Unemployment is reaching unprecedented levels. In the 27 EU member states the unemployment rate

hit the highest mark on record in September 2012, at 10.6%. In Greece and Spain the unemployment rate has surpassed 25%.

The impacts of the recession in Europe and tepid growth in the U.S. are beginning to be felt in other regions of the world, most significantly Asia. Year-over-year growth in the value of exported goods out of China has slowed from a post-recession high of 48.4% in May 2010 to 9.9% in September 2012. The picture is worse in India, where year-over-year growth in the export of goods has been negative for six of the last seven months. This slowdown has been reflected in prices for major commodities. Brent crude oil prices, the benchmark for globally traded oil, have fallen from US\$125.45/barrel in March 2012 to US\$111.71/barrel in October 2012, even with civil unrest in Syria and Israeli-Iranian tensions on the rise in the Middle East. Meanwhile, iron ore prices, as of early November 2012, have fallen roughly 20% from April highs. Likewise, the Bank of Canada's commodity price index was down 3.0% from March to October. China's quarterly year-over-year real GDP growth has slowed for at least 10 consecutive quarters, coming in at 7.7% for the third quarter of 2012. In India, annualized quarterly real GDP growth was 3.1% in the second quarter of 2012, having fallen from 7.7% in the same quarter of 2011. The International Monetary Fund (IMF) is projecting China's real GDP growth to be 8.2% in 2013. India is forecast to record 6.0% in 2013. Globally, the IMF is forecasting real GDP to grow by 3.6% in 2013, down from growth of 3.8% in 2011 and 5.1% in 2010.

Indian Industrial overview

Garment exporters continue to face order slowdown with order sizes becoming smaller from existing clients in US and EU coupled with selling price pressure. To combat this, companies are venturing into newer markets such as Africa, Russia, Korea, Japan and Eastern EU. Demand is weakened further by tough competition from Asian peers such as China, Bangladesh and Vietnam who are lower cost manufacturers of apparel and also enjoy more favourable duty structure on exports.

In the financial year 2012-13, India's exports have crossed US\$ 300 billion reaching at US\$ 300.60 billion but compared to previous year, it fell by 1.76%. However, it is a matter of concern that the trade deficit which was US\$ 183.4 billion last year has increased to US\$ 190.91 billion. If we look at the direction of Indian exports, we are able to discern a shifting trend as Indian exports to Asia, Africa and Latin America during 2012-13 touched US\$ 195.27 billion, accounting for 65% of our total export basket. This is indeed a development with significant import as South-South trade is assuming a new dynamics. Apart from this, value added exports have got a centrality in our export basket as engineering exports accounted for US\$ 57 billion, textiles accounted for US\$ 26 billion and pharmaceuticals at US\$ 15 billion.

Opportunities and Threats

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.

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

Given the challenging operating environment led by the uncertainty over demand growth, volatility in raw-material prices and persistent increases in other operating costs coupled with the stress on liquidity, it is unlikely that the sector's Outlook will turn Positive.

The country's apparel exports are anticipated to be flat at \$14 billion in the current fiscal. However, if falling cotton prices translate into revival of demand and capacity utilisation, the Outlook on garment sector could turn Stable in 2014. Selling prices are likely to remain lower depending on companies' bargaining power which is very low for small exporters or for low value added products.

A reduced cost competitiveness in China due to significant wage increases and a reduction in capacities in China for exports offers an advantage to India as a Apparel Manufacturing Destination.

Futhermore, the recent events and incidents of unrest, safety and non compliance issues in Bangladesh has significantly increased the country risk and may see a lot if customers change their sourcing strategy to increase India exposure given the stability of the country and the strict adherence to social compliance issues.

Internal Control Systems and their Adequacy

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

Risk Management

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

The Company is exposed to the following risks:

Foreign Exchange Risk

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

Interest Rate Risk

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

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

Financial Performance

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

The management accepts responsibility for the integrity and objectivity of 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

	2012-2013	2011-2012
Income From operations	187.24	191.77
PBIDT	6.26	9.85
Interest	4.35	16.36
PBDT	1.91	(6.51)
Depreciation	6.59	7.16
Profit/ (Loss) Before Tax	(4.68)	(13.67)
Provision for Taxation	-	-
Net Profit / (Loss) after Tax	(4.68)	(13.67)

Your Company is proud to inform that the Company was awarded the Highest Exporter among Textile and Readymade Garment Units and Largest Employment (Manufacturing) provider for the year 2011-12 by MEPZ-Special Economic Zone.

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 2013.

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 2013, 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: 25th April 2013

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

Celebrity Fashions Limited focuses Corporate Governance as a key driver of

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

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

BOARD OF DIRECTORS

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

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

Composition of the Board

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

During the financial year ended 2012-13, the Board consisted of Six Directors. Mr.V.Rajagopal is the Chairman and Mr. Charath Ram Narsihman is a Managing Director and Mrs. Rama Rajgopal, Director. Three Directors viz., Mr. N.K. Ranganath, Mr. P.S. Raman and Mrs.Nidhi Reddy are non executive Independent Directors.

Board Meetings

During the financial year 2012-13, the Board met 5 times on **15.05.2012, 09.08.2012, 09.11.2012, 23.01.2013 and 11.02.2013**

Details of attendance of each director at the Board Meetings and in the last Annual General Meeting and number of directorships / committee memberships held by them as on 31st March 2013 are as follows:

Name of the Director	Category	Attendance at the Board Meetings	Attendance at the Last AGM	Number of other Directorships held	Other Committee Membership ***	
					Member	Chairman
Mr. V. Rajagopal Chairman	Executive / Promoter	6/6	Yes	2	-	-
Mrs.Rama Rajagopal Executive Director	Executive / Promoter	4/6	No	2	-	-
Mr. S. Surya Narayanan Managing Director [^]	Executive	5/6	Yes	2	2	-
Mr. Charath Ram Narsimhan Managing Director*	Executive	1/1	No	1	2	-
Mr.P.S.Raman Director	Independent Non Executive	0/1	No	1	1	-
Mr.N.K.Ranganath Director	Independent Non Executive	4/6	No	3	1	2
Mrs.Nidhi Reddy Director	Independent Non Executive	2/6	No	-	2	1

Notes:

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

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

* Appointed as an Managing Director w.e.f 13th February, 2013

^ Ceased to be the Director and Managing Director w.e.f 11th February, 2013

Access to information and updation to Directors

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

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

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

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

The Committee met 5 times on 15.05.2012, 09.08.2012, 09.11.2012, 23.01.2013 and 11.02.2013 during the financial year ended 31st March 2013.

Mr. S. Surya Narayanan Ceased to be a member of the Committee and Mr. Charath Ram Narsimhan has been appointed as a member of the committee with effect from 11th February, 2013.

REMUNERATION AND COMPENSATION COMMITTEE

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

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

During the year ended 31st March 2013, the Remuneration and Compensation Committee met once on 11th February, 2013

Remuneration Policy

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

Remuneration to Directors

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

During the financial year 2012-13, the sitting fee paid to Non - Executive Directors were as under:

Name of the Director	Sitting Fees (includes the fees paid for Committee Meetings) Rs.
Mr. P.S.Raman	Nil
Mr. N.K.Ranganath	21,500
Mrs. Nidhi Reddy	13,500

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

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

Name of the Director	Salary (Rs. in Lakhs)	Retirement Benefits	Total (Rs. in Lakhs)
Mr.S.Surya Narayanan Managing Director ^	20.73	Nil	20.73
Mr. Charath Ram Narsimhan*	Nil	Nil	Nil

^ Ceased to be Director and Managing Director w.e.f 11th February, 2013

* No Salary paid Since appointment (Appointed w.e.f 13th February, 2013).

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

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

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

The Company received no complaint during the year and no complaints pending to be resolved as on 31st March 2013.

Mr. S. Surya Narayanan Ceased to be a member of the Committee and Mr. Charath Ram Narsimhan has been appointed as a member of the committee with effect from 11th February, 2013.

General Body Meetings

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

Financial year	Day and Date	Time	Venue
2011-12	Monday, 17 th September 2012	3.00 P.M	Registered Office, SDF- IV & C 2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2010- 11	Wednesday, 28 th September, 2011	10.30 A.M	Registered Office, SDF- IV & C 2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2009 - 10	Friday, 24 th September 2010	10.30 A.M	Registered Office, SDF- IV & C 2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.

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

AGM held on 17.09.2012

No Special resolution passed

EGM held on 10th October 2012

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

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 2013. The annual report contains a declaration to this effect signed by the Chairman & Company Secretary as Compliance Officer of the Code.

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

CEO/ CFO CERTIFICATION

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

DISCLOSURES

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

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

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

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

Means of Communication

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

GENERAL SHAREHOLDERS INFORMATION

Financial Year

1st April to 31st March

Annual General Meeting and Date of Book Closure

This Corporate Governance Report was taken on record by the Board in their meeting held on 03rd May 2013. The date and venue of the Annual General Meeting was not finalized in the Board Meeting. Hence the details as to the Schedule of Annual General Meeting and the dates of Book Closure have not been provided.

Listing on Stock Exchanges

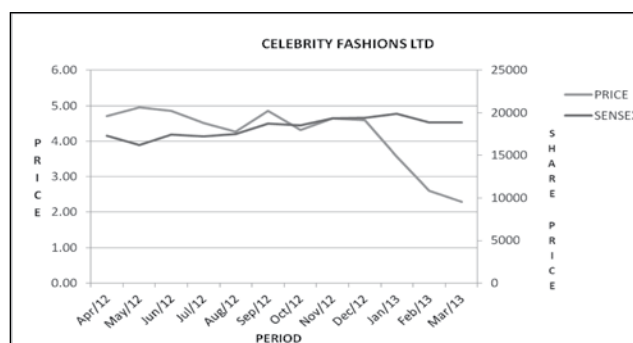
Bombay Stock Exchange Limited Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai 400 001 Stock Code: "532695"	National Stock Exchange of India Limited Exchange Plaza, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Stock Code: "CELEBRITY"
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Market Price data

(Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-12	5.20	4.59	190.00	5.00	4.80	1198.00
May-12	4.95	4.45	2100.00	4.95	4.50	2273.00
Jun-12	5.14	4.40	2235.00	4.95	4.25	11178.00
Jul-12	4.51	4.51	50.00	4.60	4.45	563.00
Aug-12	4.72	4.27	3020.00	4.65	4.25	451.00
Sep-12	5.00	4.75	1130.00	4.90	4.80	260.00
Oct-12	4.35	4.35	25.00	4.40	4.30	1127.00
Nov-12	4.75	4.33	2230.00	5.00	4.45	2495.00
Dec-12	4.68	4.30	4774.00	4.60	4.30	4907.00
Jan-13	4.20	3.45	14893.00	4.30	3.30	55664.00
Feb-13	2.97	2.55	14107.00	2.85	2.50	9929.00
Mar-13	2.58	2.13	877.00	2.60	2.25	4857.00

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.

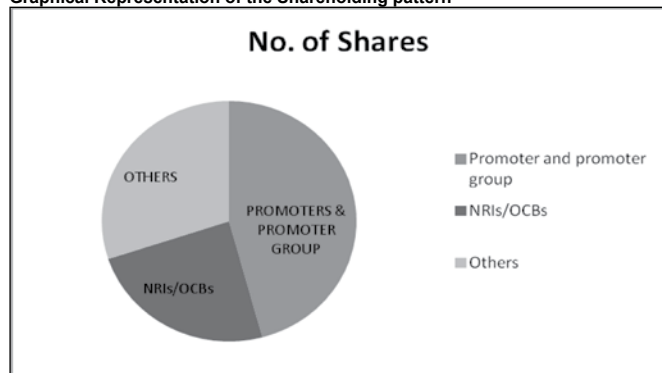
Distribution of Shareholding:

Distribution of Shareholding as on 31st March 2013 is as under:

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
0001- 5000	1306768	13067680	5.6730	12491	89.29
5001- 10000	599755	5997550	2.6037	742	5.30
10001- 20000	588746	5887460	2.5559	391	2.80
20001- 30000	339910	3399100	1.4756	134	0.96
30001- 40000	211947	2119470	0.9201	61	0.44
40001- 50000	265202	2652020	1.1513	56	0.40
50001- 100000	373536	3735360	1.6216	53	0.38
Greater than 100000	19348801	193488010	83.9986	61	0.44
TOTAL	23034665	230346650	100.0000	13989	100.000

Shareholding Pattern as on 31st March 2013

Category	No. of Shares	Percentage
Promoter and promoter group		
Promoter and promoter group	10543796	45.7736
Sub Total	10543796	45.7736
NRIs/OCBs		
Foreign Company	3400000	14.7604
Foreign Nationals		
Foreign Institutional Investor	2100000	9.1167
Non Resident Indians	66067	0.2869
Sub Total	5566067	24.1640
Others		
Clearing Members	171886	0.7462
Private Corporate Bodies	2636424	11.4455
Public	4116492	17.8709
Sub Total	6924802	30.0626
Total	23034665	100.000

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

As at 31st March 2013, 23034665 Equity shares aggregating to 99.99% were held in dematerialized form.

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments up to the financial year 2012 – 13.

Plant Locations

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

Address for correspondence

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

INDEPENDENT AUDITOR'S REPORT
To the Members of Celebrity Fashions Limited
Report on the Financial Statements

We have audited the accompanying financial statements of **Celebrity Fashions Limited** ("the Company"), which comprise the Balance sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 26 of Financial Statements which details the Erosion of Net Worth of the Company due to losses incurred by the Company during the year under review and the accumulated losses. We have evaluated the appropriateness of the 'going concern' concept in accordance with SA-570. Based on such evaluation, in our opinion and on the basis of the information and explanations given to us, we report that we have obtained sufficient evidence to establish the continuance of the Company as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for **ANIL NAIR & ASSOCIATES**

Chartered Accountants
Registration Number: 000175S

G. ANIL

Partner

Membership Number:22450

Chennai, 3rd May, 2013

for **CNGSN & ASSOCIATES**

Chartered Accountants
Registration Number:004915S

C.N. GANGADARAN

Partner

Membership Number:11205

Annexure To The Auditors' Report

The Annexure referred to in our report to the members of **Celebrity Fashions Limited** ("the Company") for the year ended March 31, 2013. We report that:

1. In respect of its Fixed Assets:

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

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

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

2. In respect of its inventories :

- a. The inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

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

- a. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the 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. 5 lakh in respect of each party during the year have been made at prices which appear reasonable having regard to the prevailing market prices at the relevant time, as per information available with the Company.

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

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

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

9. In respect of statutory dues:

- a. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees State Insurance Scheme, Income Tax, 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.

- b. According to the information and explanations given to us, except for service tax payable amounting to Rs. 6,15,528/-, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance Scheme, Excise Duty, Customs Duty and other material statutory dues were in arrears as at March 31, 2013 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.69.39 lakhs 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 relates	Forum Where the dispute is pending	Amount (in Rs.)
Income Tax Act, 1961	Income Tax Demand	2003-2004	Pending before Income Tax Appellate Tribunal	5,26,669*
Income Tax Act, 1961	Income Tax Demand	2004-2005	Pending before the Assessing officer	9,61,087*
Income Tax Act, 1961	Income Tax Demand	2004-2005	Pending before the Income Tax Appellate Tribunal and petition U/s 154 pending with Commissioner of Income Tax - Appeals	41,50,227
Income Tax Act, 1961	Fringe Benefit Tax Demand	2007-2008	Pending for rectification before the Assessing Officer	6,99,860
Income Tax Act, 1961	Fringe Benefit Tax Demand	2008-2009	Pending for rectification before the Assessing Officer	6,01,600
Total				69,39,443

* Relating to Income Tax dues of partnership firm Celebrity Connections

10. *The accumulated losses of the Company are in excess of 50% of the net worth of the Company as per the Balance Sheet as at the end of the financial year covered by our audit. The company has not incurred cash losses during the current financial year however the Company had incurred cash losses during 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 Rs. 2.51 crores being the principal amount and interest amounting to Rs. 2.57 crores for term loans availed from HDFC Bank Limited. The term loan repayment is pending from February 2012, while interest*

remains unpaid since February 2011. The Company has also defaulted in payment of interest amounting to Rs. 4.01 crores in respect of working capital loans and term loans from the State Bank of India since August 2012 (Refer Note No. 4 of the Notes of Accounts)

12. According to the information and explanations given to us, and based on the records and documents produced before us, The Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.

13. In our opinion and to the best of our information and according to the explanations provided by the management, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order 2003 (as amended) do not apply to the Company.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

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

16. According to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on a short term basis have not been used for long term investments.

18. The Company has during the year made preferential allotment of shares to parties, covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the price at which shares have been issued is not prejudicial to the interest of the Company.

19. The Company did not have any outstanding debentures during the period.

20. The Company has not raised any money by way of public issue during the period. Hence in our opinion Clause 4(xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.

21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, and as per the information and explanations given to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

for **ANIL NAIR & ASSOCIATES**

Chartered Accountants
Registration Number: 000175S

G. ANIL

Partner
Membership Number:22450
Chennai, 3rd May, 2013

for **CNGSN & ASSOCIATES**

Chartered Accountants
Registration Number:004915S

C.N. GANGADARAN

Partner
Membership Number:11205

Balance Sheet as at 31st March 2013

Rs . In Crores

Particulars	Note No.	As at 31-Mar-13	As at 31-Mar-12
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	2	23.03	19.53
(b) Reserves and Surplus	3	(68.05)	(63.36)
		(45.02)	(43.83)
2 Non-Current Liabilities			
(a) Long-term borrowings	4	104.95	98.03
(b) Deferred tax liabilities (Net)	5	-	-
(c) Other Long-term liabilities	6	2.32	2.25
		107.27	100.28
3 Current Liabilities			
(a) Short-term borrowings	7	33.07	26.16
(b) Trade payables	8	21.46	33.68
(c) Other current liabilities	9	15.46	21.62
(d) Short-term provisions	10	3.74	2.65
		73.73	84.11
Total		135.98	140.56
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible assets		69.08	74.14
(ii) Intangible assets		0.22	0.35
		69.30	74.49
(b) Non-Current Investments	12	0.05	0.05
(c) Long-term loans and advances	13	2.96	3.07
(d) Other non-current assets	14	0.06	0.06
		72.37	77.67
2 Current Assets			
(a) Inventories	15	15.37	26.13
(b) Trade receivables	16	35.21	24.28
(c) Cash and Bank Balances	17	4.66	7.11
(d) Short-term loans and advances	18	3.65	2.23
(e) Other current assets	19	4.72	3.14
		63.61	62.89
Total		135.98	140.56

See Accompanying Notes to Financial Statements 1

To be read with our report of even date

 For Anil Nair & Associates
 Chartered Accountants
 Registration # 175S

 G Anil
 Partner
 Membership # 22450

 For CNGSN & Associates
 Chartered Accountants
 Registration # 4915S

 C N Gangadaran
 Partner
 Membership # 11205

 For and on Behalf of the Board
 V Rajagopal
 Chairman

 Charath Ram Narsimhan
 Managing Director

Chennai, 3rd May, 2013

 K Ramya
 Company Secretary

Statement of Profit and Loss for the Year Ended 31st March 2013

Rs . In Crores

Particulars	Note No.	As at 31-Mar-13	As at 31-Mar-12
I Revenue from Operations (gross)	20	187.24	191.77
Less: Excise Duty		0.87	1.39
Revenue from Operations (net)		186.37	190.38
II Other Income	21	2.96	2.68
III Total Revenues		189.33	193.06
IV Expenses			
a. Cost of Materials	22	104.47	120.19
b. Purchases of Finished Goods		-	-
c. Changes in Inventories of Finished Goods & Work-in- Progress - (Inc) / Dec		6.33	(6.77)
d. Employee Benefit Expenses	23	39.92	34.50
e. Other Expenses	24	32.35	35.29
		183.07	183.21
V Earnings before Interest, Depreciation and Tax		6.26	9.85
Finance Costs	25	4.35	16.36
Depreciation		6.59	7.16
Total Expenses		10.94	23.52
V Profit / (Loss) before Tax		(4.68)	(13.67)
VI Tax Expenses			
Current Tax Expense		-	-
Deferred Tax		-	-
		-	-
VII Profit / (Loss) for the Period		(4.68)	(13.67)
VIII Earnings Per Share - In Rs.			
-- Basic		(2.32)	(7.00)
-- Diluted		(2.32)	(7.00)

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

 Charath Ram Narsimhan
 Managing Director

Chennai, 3rd May, 2013

 K Ramya
 Company Secretary

Notes to the Accounts as at 31st March 2013
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 and guidelines issued by the Securities and Exchange Board of India (SEBI)

2 Fixed Assets, Intangible Assets & Depreciation:

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

3. Use of Estimates

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

4 Inventories:

- a Raw Materials and Components are valued at lower of Cost or Net Realizable Value. Cost of the said is computed by applying Specific Identification Method.
- b Work in Progress and Finished Goods are valued at lower of Cost or Net Realizable Value. Cost of these inventories includes Costs of Conversion and Other costs incurred in bringing them to the present location and condition.

5 Income Recognition:

Sales net of trade discounts and rebates are recorded when the significant risks and rewards of ownership are transferred. Export Sales are accounted on the basis of the dates of Bill of Lading, other delivery documents as per the contract. Domestic Sales includes Excise Duty but excludes Sales Tax and Value Added Tax. Export Incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled. Other Operating Income represents conversion charges received by the Company towards contract manufacturing activities and the same is accounted when the significant risks and rewards of ownership are transferred. Rental Income on properties given on lease are accounted on accrual basis. Interest Income is recognised on Time-Propotion basis taking into account the amount outstanding and the rate applicable.

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

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign exchange fluctuations. The Company does not use the foreign exchange forward contracts of options for trading or speculating pupose. Foreign Currency transactions are initially recorded at the exchange rates prevailing on the date of transactions. Current Assets and Current Liabilities are restated at the year end closing rates. The differences arising on such restatement are reflected in the Profit and Loss Account and Exchange Gain / Loss. Premium / Discount on Forward Foreign Exchange Contracts are recognized over the life of the Contracts. The value of unperformed contracts is shown under Loans & Advances.

7 Leases

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

8 Investments:

Investments are either classified as current or long term based on Management's intention at the time of purchase. Long term investments are stated at cost. Provision where necessary is made to recognize a decline other than temporary in the carrying value of each investments. Current investments are carried at lower of cost and quoted /fair value.

9 Accounting of Government Grants:

Government grants are accounted on Cash Basis. The Company was in receipt of Interest Subsidy under Technology Upgradation Fund (TUF) Scheme during the financial year 2011-12 for an amount of Rs.2.52 crs. Capital grants were neither received nor accrued.

10 Employees' Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits in the nature of salary, wages, bonus, leave encashment and the expected cost of ex-gratia are recognized and accounted for on accrual basis in the period in which the employee renders the related service. Provident Fund is defined contribution plan and charged to Profit & Loss Account on accrual basis with corresponding contribution to recognised funds. Leave Entitlement is short term employees benefit and determined arithmetically and charged to Profit & Loss Account on accrual basis. Gratuity Liability under Payment of Gratuity Act is determined on the basis of an actuarial valuation made at the end of the financial year and in accordance with the Revised Accounting Standard 15.

11 Taxation:

The computation of tax liability is made in accordance with the provisions of Income Tax Act, 1961 and tax liability so computed is "Nil" and hence no provision has been made. The Company has got a net deferred tax asset on account of accumulated losses and unabsorbed depreciation. In Compliance with the provisions of the Accounting Standard - 22, "Accounting for Taxes on Income" and based on General Prudence, the Company has not recognised Deferred Tax Asset.

12 Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to maximum of depreciated historical cost and is accordingly reversed in the profit and loss account. In the opinion of the Management , Current Assets, Loans and Advances have a value of at least equal to the amounts shown in the Balance Sheet, if realised in the due course of the business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.

13 Provisions and Contingent Liabilities:

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

14 Segment reporting:

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

Notes to the Accounts as at 31st March 2013

Rs. In Crores

PARTICULARS		As at 31-Mar-13	As at 31-Mar-12
2	SHARE CAPITAL		
a	Authorised, Issued, Subscribed and Paid-Up Share Capital		
	Authorised Share Capital:		
	3,80,00,000 (Prev. Yr. 2,00,00,000) Equity Shares of Rs.10/- each	38.00	20.00
	3,20,00,000 (Prev. Yr. NIL) 1% Cumulative Reedamable Preference Shares of Rs.10/- each	32.00	-
	Issued, Subscribed and Paid up Capital :		
	2,30,34,665 (Prev Yr 1,95,34,665) Equity Shares of Rs.10/- each	23.03	19.53
	Total	23.03	19.53
b	Reconciliation of the number of Shares		
	Number of Equity Shares Outstanding at the beginning of the Year	19,534,665	19,534,665
	Add: Number of Equity Shares issued during the Year	3,500,000	-
	Number of Equity Shares Outstanding at the end of the Year	23,034,665	19,534,665
c	Rights, Preferences and Restrictions attached to each Class of Shares		
	The Company has two classes of shares:		
	Equity Shares having a par value of Rs.10/- each with Voting Rights. Each holder of equity shares is entitled to one votes per share		
	1% Cumulative Redeemable Preference Shares of Rs.10/- each. The cumulative redeemable preference shares carry a dividend of 1% per annum and will be redeemed in 6 equal annual instalments starting with the financial year 2022.		
d	Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates	NIL	NIL
e	Details of Shares held by each Shareholder holding more than 5%		
	No. of Shares		
	Mr. Venkatesh Rajagopal	5,492,981	4,792,981
	Mrs. Rama Rajagopal	5,042,054	4,342,054
	M/s New Vernon Private Equity Limited	3,400,000	3,400,000
	M/s Davos International Fund	2,100,000	-
	M/s Bennett, Coleman and Company Limited	1,316,818	1,316,818
	M/s Reliance Capital Limited	898,750	898,750
	% Holding		
	Mr. Venkatesh Rajagopal	23.8%	24.5%
	Mrs. Rama Rajagopal	21.9%	22.2%
	M/s New Vernon Private Equity Limited	14.8%	17.4%
	M/s Davos International Fund	9.1%	0.0%
	M/s Bennett, Coleman and Company Limited	5.7%	6.7%
	M/s Reliance Capital Limited	3.9%	4.6%
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	Share Premium		
	Opening Balance	2.05	2.05
	Add: Additions During the Year	-	-
	Closing Balance	2.05	2.05
b	Surplus / (Deficit) in Statement of Profit and Loss		
	Opening Balance	(65.41)	(51.74)
	Add: Profit / (Loss) for the Year	(4.69)	(13.67)
	Closing Balance	(70.10)	(65.41)
	Total	(68.05)	(63.36)

Rs. In Crores

PARTICULARS		As at 31-Mar-13	As at 31-Mar-12
4	LONG TERM BORROWINGS		
(i)	Term loans from Banks		
	Secured:		
	Clean Term loans	57.20	57.53
	Other Term loans	25.02	23.71
	Rent Plus Term loans	4.19	5.40
	Funded Interest Term loans	18.54	11.39
	Total	104.95	98.03
	Details on Term loans - Bankwise, Repayments and Security		
	Term loans from State Bank of India	98.67	102.10
	Term loans from HDFC Bank Limited	12.64	12.64
	Total Loans	111.31	114.74
	Loans Classified under Short Term Borrowings	6.36	16.71
	Long Term Borrowings	104.95	98.03
	The above loans are secured by 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. 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 Rent-Plus 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	-	0.22
	FY 2012-13	-	2.29
	FY 2013-14	1.56	2.29
	FY 2014-15	22.54	2.00
	FY 2015-16	14.72	1.67
	FY 2016-17	2.14	1.67
	FY 2017-18	2.15	1.67
	FY 2018-19	1.59	0.83
	FY 2019-20	19.80	-
	FY 2020-21	1.59	-
		66.09	12.64
	Term loans from SBI pending for Conversion into Equity Holdings vide Sanction letter dated 16th November 2012	7.47	-
	Term loans from SBI pending for Conversion into 1% Cumulative Redeemable Preference Shares vide Sanction letter dated 16th November 2012	25.10	
	Balance outstanding as on 31st March 2013	98.66	12.64

The Company has been declared SICK by Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under provision of the Sick Industries and Companies Act (SICA) during April 2011. BIFR appointed SBI as the Operating Agency (OA) and issued directions to submit a Rehabilitation scheme for the Company. SBI has sanctioned a re-structuring package for the Company and has submitted for approval before Hon'ble BIFR. The package includes concession of interests on Term loans, re-schedulement of Term loans and conversion of portion of Term loans into Equity and 1% Cumulative Redeemable Preference Shares (CRPS). HDFC Bank is yet to approve the re-structuring package. SBI is yet to convert the portion of Term loans into Equity and 1% CRPS. The Term loans outstanding as reflected above are in line with the Package sanctioned by SBI for its Term loans. The Term loan obligations of SBI in accordance with the Sanction letter dated 16th November 2012 have been met in full. However the interest commitments of Rs.4.01crs (Previous Year - NIL) against Working Capital loans and Term loans from SBI is yet to be serviced from August 2012.

		Rs. In Crores	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
<p>With HDFC Bank yet to approve the re-structuring package, the Company has defaulted in repayments of Termloans amounting to Rs.2.51 crs (Previous Year - Rs.0.22 crs) and Interest commitments amounting to Rs.2.57 crs (Previous Year - Rs.1.55 crs). The term loan repayment is pending from February 2012, while interest remains unpaid since February 2011.</p>			
5	DEFERRED TAX LIABILITIES		
On the difference between Book Balance and Tax Balance of Fixed Assets			
	8.13	8.19	
	Deferred Tax Liability		
	(8.13)	(8.19)	
	Deferred Tax Asset on Unabsorbed Depreciation & Business Loss		
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			
		-	-
6	OTHER LONG-TERM LIABILITIES		
a	Trade Payables		
	-	-	
b	Others:		
	Trade / Security Deposits Received		
	2.32	2.25	
Total		2.32	2.25
7	SHORT-TERM BORROWINGS		
a	Loans Repayable on Demand from Banks		
Secured:			
	Working Capital Facilities from State Bank of India		
	10.00	13.14	
	Export Bills Discounted		
	23.07	13.02	
		33.07	26.16
The loans have been secured as under:			
First Charge on 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		33.07	26.16
8	TRADE PAYABLES		
	-- Acceptances		
	7.33	19.23	
	-- Other than Acceptances		
	7.38	9.90	
	-- MSME		
	-	-	
	-- Other Trade Payables		
	6.75	4.55	
Total		21.46	33.68
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 2013 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		
	3.54	4.77	
	Other Term loans		
	0.42	2.53	
	Rent-Plus Term loans		
	1.14	1.00	
	Funded Interest Term loans		
	1.26	8.41	
		6.36	16.71
b	Interest accrued and due on Borrowings		
	On Borrowings from State Bank of India		
	4.01	-	
	On Borrowings from HDFC Bank		
	2.57	1.55	
		6.58	1.55
c	Other Payables		
	Salaries and Wages Payable		
	2.22	1.87	
	Sales Tax / VAT Payable		
	(0.01)	0.02	
	Service Tax Payable		
	0.15	0.32	

PARTICULARS	Rs. In Crores	
	As at 31-Mar-13	As at 31-Mar-12
Statutory Remittances - Payable	0.77	0.56
TDS Payable	0.16	0.21
Others - Amount Payable / Receivable on Forward Contracts	(0.77)	0.38
Total	2.52	3.36
Total	15.46	21.62

The Company was 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 at 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. During November 2012, the Company settled the balance 50% amounts in full with the Department.

10 SHORT-TERM PROVISIONS

a Provision for Employee Benefits

Provision for Bonus	2.38	1.11
Provision for compensated absences / earned leave encashment	1.40	1.30
Provision for Gratuity (Refer Note 31)	(0.04)	0.24
Total	3.74	2.65

Note 11 - Fixed Assets Tangible Assets

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/12	Addi tions	Deductions / Adjustments	As on 31/03/13	As on 01/04/12	For the year	Deductions / Adjustments	As on 31/03/13	As on 31/03/13	As on 31/03/12
1	Land and Site Development	1.71	-	-	1.71	-	-	-	-	1.71	1.71
2	Buildings	27.25	0.74	0.65	27.34	8.78	1.39	0.65	9.52	17.82	18.47
3	Plant & Machinery	66.18	0.46	0.77	65.87	22.95	3.96	0.76	26.16	39.71	43.22
4	Electrical Installation	9.67	-	-	9.67	3.49	0.44	-	3.94	5.74	6.18
5	Office Equipments	1.85	0.03	-	1.88	0.54	0.09	-	0.62	1.26	1.32
6	Computers	7.17	0.12	-	7.29	6.69	0.23	-	6.92	0.36	0.48
7	Vehicles	0.14	0.01	0.01	0.14	0.07	0.01	0.00	0.08	0.06	0.07
8	Furniture & Fixtures	5.03	-	-	5.03	2.33	0.28	-	2.61	2.42	2.70
	Total	119.00	1.36	1.43	118.93	44.86	6.41	1.41	49.86	69.08	74.14
	Previous Year	122.40	0.69	4.09	119.00	41.97	6.84	3.96	44.86	74.14	80.43

Intangible Assets											
1	Computer Software	2.12	0.05	-	2.17	1.78	0.18	-	1.96	0.22	0.35
	Total	2.12	0.05	-	2.17	1.78	0.18	-	1.96	0.22	0.35
	Previous Year	1.94	0.18	-	2.12	1.46	0.32	-	1.78	0.35	0.48

		Rs . In Crores	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
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	1.66	1.66
	-- Government or Public Bodies	0.99	1.10
	-- Others	0.02	0.02
		2.67	2.78
b	Advance Income Tax (Net of Provisions) - Unsecured - Considered Good	0.29	0.29
		0.29	0.29
	Total	2.96	3.07
14	OTHER NON-CURRENT ASSETS		
a	Interest accrued on Fixed Deposits	0.06	0.06
	Total	0.06	0.06
15	INVENTORIES		
a	Raw Materials	4.86	8.73
b	Trims and Packing Materials & Consumables	1.33	1.89
c	Work-in-Progress	1.48	2.22
d	Finished Goods	7.70	13.29
	Total	15.37	26.13
16	TRADE RECEIVABLES		
	Unsecured - Considered Good		
a	Outstanding for a period exceeding six months from the due date	-	-
b	Other Trade Receivables	35.21	24.28
	Total	35.21	24.28
	Other Trade Receivables include Rs.4.08 crs (Previous Year Rs.6.22 crs) receivable from Company under Significant Influence or Control of Key Managerial Personnel as specified in Note 29 (d)(ii)		
17	CASH AND BANK BALANCES		
a	Cash on hand	0.08	0.12
b	Balances with Banks		
	-- in Current Account	0.23	3.31
	-- Fixed Deposits with Banks held as Margin Money against Borrowings / Guarantees	4.35	3.68
	Total	4.66	7.11
	Fixed Deposits in Deposit Account includes deposit of Rs.0.98 crs (Previous Year Rs.0.32 crs) with more than 12 months maturity		
18	SHORT-TERM LOANS AND ADVANCES		
a	Loans and advances to Employees - Unsecured - Considered Good	0.26	0.32
b	Balances with Government Authorities - Unsecured - Considered Good		
	Duty Drawback receivable	2.56	1.04
	Service Tax Receivable	0.61	0.61
	Cenvat Receivable	0.22	0.26
	Total	3.65	2.23
19	OTHER CURRENT ASSETS		
	Advances to Suppliers of Goods and Services	0.70	0.77
	Tax deducted at Source	1.66	1.37
	Others	2.36	1.00
	Total	4.72	3.14

		Rs. In Crores	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
<p>The Company had let-out one of its properties on lease to M/s Deepam Hospitals Private Limited since 1st April 2010. The lessee has been in continuous default on the lease rental obligations. The total receivables pending from Deepam Hospitals as on 31st March 2013 stands at Rs.2.33 crs and the same has been included in other current assets under "Others".</p> <p>The lease agreement entered with the lessee has expired on 31st January 2013 and the Company has not renewed the lease with Deepam Hospitals. A Termination Notice has been served on Deepam Hospitals and the Company has also proceeded legally against the Hospital for recovery of pending dues. The Hospital is presently occupying the premises in an unauthorised manner. The Security Deposit of Rs.1.50 crs received from Deepam Hospitals at the time of entering into lease agreement has been accounted under "Trade / Security Deposits Received" under Long-Term Liabilities.</p>			
20	REVENUE FROM OPERATIONS (GROSS)		
a	Sale of Products		
	-- Exports	165.44	181.35
	-- Domestic (Gross)	19.26	10.51
b	Other Operating Revenues		
	-- Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)	(9.80)	(17.24)
	-- Income from Contract Manufacturing Activities	7.91	12.53
	-- Duty Drawback	4.43	4.62
	Total	187.24	191.77
21	OTHER INCOME		
a	Interest Accrued / Received on Fixed Deposits	0.29	0.12
b	Gain on Sale of Current Investments	0.20	0.39
c	Rental and Other Income	2.47	2.17
	Total	2.96	2.68
22	COST OF MATERIALS		
	Opening Stock of Materials	10.62	11.38
	Add:Purchases of Materials	100.05	119.43
	Less:Closing Stock of Materials	6.20	10.62
	Total	104.47	120.19
CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC			
	Closing Stock		
	- Finished Goods	7.70	13.29
	- Work-in-Progress	1.48	2.22
	Opening Stock		
	- Finished Goods	13.29	7.91
	- Work-in-Progress	2.22	0.83
	Total	6.33	(6.77)
23	EMPLOYEE COSTS		
	Salaries and Wages	34.48	29.47
	Statutory Contributions	3.75	3.47
	Welfare Expenses	1.69	1.56
	Total	39.92	34.50
24	OTHER EXPENSES		
	Subcontracting and Garment Processing Costs	7.53	11.72
	Traveling & Conveyance	7.22	5.22
	Power & Fuel	4.72	4.43
	Rent	2.70	3.10
	Shipping Charges	1.81	2.87
	Consumables	0.83	1.65
	Consultancy Charges	0.49	0.76
	Communication Expenses	0.74	0.62
	Selling Commission & Discounts	0.02	0.39
	Printing & Stationery	0.42	0.37
	Rates and Taxes	0.57	0.32
	Insurance	0.74	0.17
	Export Expenses	0.76	0.14
	Auditors' remuneration	0.05	0.05
	Other Miscellaneous Expenses	3.54	3.24
	Remuneration to Directors	0.21	0.24
	Total	32.35	35.29

		Rs. In Crores	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
<p>Auditors' Remuneration includes Rs.4,50,000/- (PY-Rs.4,00,000/-) against Statutory Audit, Rs.70,000/- (PY-Rs.60,000/-) against Tax Audit An amount of Rs.2,23,571/- (PY - Rs.305,312/-) 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.</p> <p>Directors Sitting Fee of Rs.35,000 (PY - Rs.24,000/-) is grouped under Other Miscellaneous Expenses</p>			
25	FINANCE COSTS		
a	Interest on		
	-- Term loans **	1.83	8.73
	-- Working Capital & Others	2.28	4.89
b	Other Borrowing Costs - Bank Charges		
		0.86	1.77
c	Net (Gain) / Loss on Foreign Currency Transactions (considered as Finance Costs)		
		(0.62)	0.97
	Total	4.35	16.36
<p>**Interest on Term loans is net off TUF Interest subsidy of Rs. NIL (Previous Year Rs.2.52 crs) received during the year Further the impact of interest concessions on the Term loans of SBI in accordance with the Sanction letter dated 16-11-2012 has been considered. Excess Interest Charged to Profit and Loss Account for the period April 2011 - March 2012 of Rs.4.71 crs on SBI Term loans has been reversed in the Current Year.</p>			
26	EROSION OF NETWORTH, DECLARATION AS SICK UNIT AND STATUS OF DEBT REHABILITATION SCHEME		
<p>The Company's networth was eroded as on 31st March 2010 under the provisions of Sick Industries Companies Act, (SICA). Accordingly the Company filed reference with the Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of SICA. The reference was taken for consideration by BIFR and upon submissions made and material on record, BIFR has declared the Company as Sick Industrial Company u/s 3(1)(o) of SICA vide its order dated 19th April 2011. BIFR appointed State Bank of India as the Operating Agency (OA) and issued directions to submit a Rehabilitation Scheme for the revival of the Company as per Section 18 of SICA. State Bank of India (SBI), the OA has sanctioned a re-structuring package for the Company vide its letter dated 16th November 2012. The OA has submitted the same for approval before Hon'ble BIFR. The package includes interest concessions, re-schedulement of Term loans and Conversion of portion of Term loans into Equity and 1% Cumulative Redeemable Preference Shares (CRPS). The approval from HDFC Bank for the package is pending. SBI is yet to convert the portion of Term loans into Equity and 1% CRPS.</p> <p>The Accounts of the Company have been prepared on the basis of 'Going Concern Concept' despite negative net worth as on 31st March 2013 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.</p>			
27	EARNINGS PER SHARE		
Earnings Per Share - In Rs.			
	-- Basic	(2.32)	(7.00)
	-- Diluted	(2.32)	(7.00)
Earnings per Share is calculated as under:			
a	Numerator		
	Net Profit after Tax as disclosed in Statement of Profit and Loss	(4.68)	(13.67)
b	Denominator		
	Weighted Average Number of Equity Share Outstanding		
	-- Basic	20,186,720	19,534,665
	-- Diluted	20,186,720	19,534,665
c	Nominal Value of Share (In Rs.)		
		10.00	10.00
	No. of Shares as on 1st April	19,534,665	19,534,665
	No. of Shares as on 31st March	23,034,665	19,534,665
28	CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)		
a	Gurantees 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		
		1.05	0.49
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. 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.		
		0.69	0.77
d	The Banks have extended concessional interest rate for the Credit facilities sanctioned to the Company for the period upto 31st March 2013. As per the terms of the Sanction letter, Banks have the right of recompense in future for the sacrifice extended.		

		Rs. In Crores	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
29	RELATED PARTY TRANSACTIONS		
a	Key Managerial Personnel:		
	Mr. V.Rajagopal		
	Mrs. Rama Rajagopal		
	Mr. S. Surya Narayanan		
	Mr. Charath Ram Narsimhan		
b	Enterprises under Control or Significant Influence of Key Managerial Personnel:		
	M/s Indian Terrain Fashions Limited		
	M/s Celebrity Clothing Limited		
	M/s Celebrity Connections		
c	Transactions carried out with Related Parties during the Year		
	Key Managerial Personnel		
	Managerial Remuneration	0.21	0.24
	Enterprises Under Same Management		
	Jobwork Charges, Material Transfers and Rentals	18.87	19.90
d	Outstanding Balances as on 31.03.13		
i	Payable as Managerial Remuneration	-	0.02
ii	Trade Receivable against Jobwork Charges and Material Transfers - Indian Terrain Fashions Limited	4.08	6.22
30	DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES		
	Loans and advances in the nature of Loans given to Subsidiaries, Associates and Others		
31.	EMPLOYEE BENEFIT PLAN - GRATUITY		
	The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.		
	Amount Recognised in the Balance Sheet in respect of gratuity		
	Present Value of Defined Benefit Obligation at the end of the Year	0.95	0.81
	Fair Value of Plan Assets at the end of the Year	0.99	0.57
	Net Liability / (Asset)	(0.04)	0.24
	Amount Recognised in Profit and Loss Account in respect of gratuity		
	Current Service Cost	0.15	0.17
	Interest on Defined Benefit Obligations	0.07	0.07
	Expected Return on Plan Assets	(0.05)	(0.06)
	Net Actuarial (Gain) / Loss recognised during the Period	0.50	0.19
	Net Gratuity Cost	0.67	0.37
	Actual Return on Plan Assets		
	Expected Return on Plan Assets	0.05	0.06
	Actuarial Gain / (Loss) on Plan Assets	0.00	(0.00)
	Actual Return on Plan Assets	0.05	0.05
	Reconciliation of present value of obligation and the fair value of the plan assets		
	Opening Defined Benefit Obligation	0.81	0.91
	Current Service Cost	0.15	0.17
	Interest Cost	0.07	0.07
	Actuarial (Gain) / Loss	0.50	0.19
	Benefits Paid	(0.58)	(0.53)
	Closing Defined Benefit Obligation	0.95	0.81
	Opening Fair Value of Plan Assets	0.57	0.70

		Rs. In Crores	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
Expected Return on Plan Assets	0.05	0.06	
Actuarial Gain / (Loss)	0.00	(0.00)	
Employer Contributions	0.95	0.35	
Benefits Paid	(0.58)	(0.53)	
Closing Fair Value of Plan Assets	0.99	0.57	
Closing balances of Defined Benefit Obligation			
Defined Benefit Obligation at the beginning of the Year	0.81	0.91	
Interest Cost	0.07	0.07	
Current Service Cost	0.15	0.17	
Benefit Paid	(0.58)	(0.53)	
Actuarial (gain) / loss on obligations	0.50	0.19	
Liability at the end of the Year	0.95	0.81	
Closing balances of Fair Value of Plan Assets			
Fair Value of Plan Assets at the beginning of the Year	0.57	0.70	
Expected Return on Plan Assets	0.05	0.06	
Employer Contributions	0.95	0.35	
Benefits Paid	(0.58)	(0.53)	
Actuarial gain/(loss) on Plan Assets	0.00	(0.00)	
Fair Value of Plan Assets at the end of the Year	0.99	0.57	
Actual Return on plan assets	0.05	0.05	
Investment Details of Plan Assets			
Money Market Instruments	78%	64%	
Assets under Insurance Schemes	22%	36%	
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.			
32 OTHERS			
a Aggregate Expenses			
Electricity Expenses included under Power and Fuel	1.93	1.86	
b Earnings in Foreign Currency			
Export of Goods - FOB Value	165.44	181.35	
c Expenditure in Foreign Currency			
Selling Commission & Consultancy Charges	-	0.03	
Travel	0.12	0.07	
Claims	0.75	0.07	
Interest	0.21	0.17	
d Value of Imports			
Rawmaterials	47.31	66.11	
Capital Goods	-	-	
e Imported and Indegenious Consumption of Rawmaterials			
Imported			
-- Rs. In Crores	48.06	52.88	
-- % to Total	46.0%	44.0%	
Indigenous			
-- Rs. In Crores	56.41	67.31	
-- % to Total	54.0%	56.0%	

		Rs. In Crores	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
33	OTHER DISCLOSURES		
a	Foreign Exchange Differences		
	Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account	(9.73)	(17.40)
	Premium / (Discount) on Forward Foreign Exchange Contracts recognized	(0.07)	0.16
b	No amount is paid / payable by the company U/s 441 A of the Companies Act, 1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.		
c	Previous year figures have been regrouped, reworked and reclassified wherever necessary to conform to current year classification.		
To be read with our report of even date			
For Anil Nair & Associates Chartered Accountants Registration # 175S G Anil Partner Membership # 22450 Chennai, 3rd May, 2013	For CNGSN & Associates Chartered Accountants Registration # 4915S C N Gangadaran Partner Membership # 11205	For and on Behalf of the Board V Rajagopal Chairman Charath Ram Narsimhan Managing Director K Ramya Company Secretary	

Cashflow Statement for the year ending 31st March 2013

SI. No.	Particulars	2012-13	2011-12
A	Cashflow from Operating Activities		
	Net Profit before Tax and before Extra-Ordinary Items	(4.68)	(13.67)
	Adjustments for:		
	Depreciation for the Year	6.59	7.16
	Depreciation for Sale of Assets	(1.41)	(3.96)
	Unrealised (Gain) / Loss on Exchange Differences	(1.39)	1.50
	Interest & Finance Charges paid	4.35	16.36
	Interest Income	(0.29)	(0.12)
	(Profit) / Loss on Sale of Investments	(0.20)	(0.40)
	Operating Profit before Working Capital Changes	2.96	6.88
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	(2.75)	(4.34)
	Decrease / (Increase) in inventories	10.76	(3.27)
	Increase / (Decrease) in creditors and other payables	(6.21)	6.39
	Cash generated from Operations	4.77	5.66
	Income Taxes Refund / (Paid) (net)	(0.30)	(0.38)
	Net Cash from Operating Activities	4.47	5.28
B	Cashflow from Investing Activities		
	(Purchase) / Sale of Fixed Assets - Net	0.02	3.22
	(Purchase) / Sale of Investments (net)	0.20	7.65
	Interest Received	0.29	0.12
	Net Cash (Used In) / from Investing Activities	0.51	10.98
C	Cashflow from Financing Activities		
	Proceeds from issue of Share Capital	3.50	-
	Short Term Borrowings	(3.14)	1.65
	Term loan Receipts (Net)	(3.43)	(2.05)
	Interest and Finance Charges paid	(4.35)	(16.36)
	Net Cash (Used In) / from Financing Activities	(7.42)	(16.76)
	Net Increase in Cash and Cash Equivalents	(2.45)	(0.50)
	Cash and Cash Equivalents (Opening Balance)	7.11	7.60
	Cash and Cash Equivalents (Closing Balance)	4.66	7.11
	Note:		
1	The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3		
2	Cash and Cash equivalents represents		
	-- Cash balances		
	-- Bank balances		
	-- Deposits held as Margin Money against Borrowings / Guarantees (Refer Note 17)		
3	Previous year figures are re-grouped / re-classified in line with current year requirements		

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 175S
G Anil
Partner
Membership # 22450
Chennai, 3rd May, 2013

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

For and on Behalf of the Board
V Rajagopal
Chairman
Charath Ram Narsimhan
Managing Director
K Ramya
Company Secretary

SUBSIDIARY COMPANY
CELEBRITY CLOTHING LIMITED
NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourth Annual General Meeting of Celebrity Clothing Limited will be held on Monday the 23rd September 2013 at 2.00 PM at the Registered Office of the Company, situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai 600 045 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statement of Profit and Loss Account for the year ended 31st March 2013 and the Balance sheet as on that date together with the report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr V Rajagopal, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Director in place of Mrs Rama Rajagopal, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s Anil Nair & Associates, Chartered Accountants, Chennai as Statutory Auditor of the Company.

Date : 09th August 2013 For and on behalf of the Board
Place : Chennai V Rajagopal

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 Fourth Annual Report along with Audited Balance Sheet and Statement of Profit & Loss of the Company for the year ended 31st March 2013.

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 2013, the applicable Accounting Standards have been followed and there are no material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the Annual Accounts on a going concern basis.

B) As there is no employee, the Particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 is not appended.

C) The information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given below:

- i. **Conservation of Energy:**
The operations of the Company are not energy-intensive. However, wherever possible, the Company strives to curtail the consumption of energy on a continuing basis.
- ii. Technology absorption: Not applicable.

Date : 03rd May 2013 For and on Behalf of the Board
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, 2013, 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, 2013 and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on 31st March, 2013 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, 2013,
 - 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, 3rd May, 2013

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

Chennai, 3rd May, 2013

Membership No. 22450

Celebrity Clothing Limited
Balance Sheet as at 31st March 2013

Rs. In Lakhs

Particulars	Note No.	As at	As at
		31-03-13	31-03-12
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
(a) Share Capital	2	5.00	5.00
(b) Reserves and Surplus	3	0.16	0.08
		5.16	5.08
2 Current Liabilities			
(a) Trade payables	4	0.24	0.10
(b) Short-term provisions	5	0.03	0.04
		0.27	0.14
Total		5.42	5.22
II ASSETS			
1 Non-Current Assets			
2 Current Assets			
(a) Cash and Bank Balances	6	5.42	4.90
(b) Other Current Assets	7	-	0.32
		5.42	5.22
Total		5.42	5.22

See Accompanying Notes to Financial Statements 1 to 18

To be read with our report of even date

For Anil Nair & Associates

For and on Behalf of the Board

Chartered Accountants

Firm's Registration Number 000175S

G Anil

V Rajagopal

Partner

Chairman

Membership Number 22450

Chennai

Rama Rajagopal

3rd May 2013

Director

Statement Of Profit & Loss for the year ended 31st March 2013

Particulars	Note No.	As at	As at
		31-03-13	31-03-12
I Other Income	8	0.28	0.34
II Total Revenue		0.28	0.34
III Expenses			
Other Expenses	9	0.14	0.05
IV Total		0.14	0.05
V Earnings before Interest, Depreciation and Tax (II-IV)		0.14	0.29
Less: Finance Costs	10	0.02	0.01
VI Profit / (Loss) before Tax		0.13	0.28
VII Tax Expenses			
Income Tax		0.05	0.04
Total Tax Expense		0.05	0.04
VIII Profit / (Loss) for the Period		0.08	0.25
IX Earnings Per Share - In Rs.			
-- Basic		0.15	0.49
-- Diluted		0.15	0.49

See Accompanying Notes to Financial Statements 1 to 18

To be read with our report of even date

For Anil Nair & Associates

For and on Behalf of the Board

Chartered Accountants

Firm's Registration Number 000175S

G Anil

V Rajagopal

Partner

Chairman

Membership Number 22450

Chennai

Rama Rajagopal

3rd May 2013

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. Use of Estimates:

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

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

c. Revenue Recognition:

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

d. Taxation:

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. A provision is made for income tax based on the tax liability computed after considering tax allowances and exemptions. The

tax rates and laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

e. Cash and cash equivalents:

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

f. Cash Flow Statement:

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

g. Provisions:

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

h. Contingencies:

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

i. Earnings Per Share:

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

		Rs. In Lakhs	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
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%		
	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	-	-

		Rs. In Lakhs	
PARTICULARS	As at 31-Mar-13	As at 31-Mar-12	
e	Surplus / (Deficit) in Statement of Profit and Loss		
	Opening Balance	0.08	(0.16)
	Add: Profit / (Loss) for the Year	0.08	0.25
	Closing Balance	0.16	0.08
	Total	0.16	0.08
4	TRADE PAYABLES		
	-- Other Trade Payables	0.24	0.10
	Total	0.24	0.10
5	SHORT-TERM PROVISIONS		
a	Provision - Others	-	-
b	Provision for Tax	0.03	0.04
	Total	0.03	0.04
6	CASH AND BANK BALANCES		
a	Cash on hand	-	-
b	Balances with Bank		
	-- in Current Account	5.42	0.11
	-- in Deposit Account	-	4.79
	Total	5.42	4.90
7	OTHER CURRENT ASSETS		
a	Interest accrued on Fixed Deposits	-	0.32
	Total	-	0.32
8	OTHER INCOME		
a	Interest on Fixed Deposits	0.28	0.34
	Total	0.28	0.34
9	OTHER EXPENSES		
	Auditors' remuneration	0.05	0.05
	Rates & Taxes	0.09	-
	Total	0.14	0.05
	Auditors' Remuneration Rs.5,000/- (PY-Rs.5,000/-) towards Statutory Audit.		
10	FINANCE COSTS		
b	Bank Charges	0.02	0.01
	Total	0.02	0.01
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 31 st March 2013 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	
	31 st March, 2013	31 st March, 2012
Net Profit/(Loss) after Tax for the year	0.08	0.25
Number of Equity Shares Outstanding	50,000	50,000
Basic and Diluted EPS	0.15	0.49

17. Related Party Disclosures pursuant to Accounting Standard 18
a. Key Managerial Personnel

Mr. V Rajagopal
Mrs. Rama Rajagopal

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

M/s Celebrity Fashions Limited
M/s Indian Terrain Fashions Limited
M/s Celebrity Connections

c. Related Party Transactions - Nil
18. Previous year figures have been regrouped, reworked and reclassified wherever necessary to confirm to Current Year Classification.

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants

Firm's Registration Number 000175S

G Anil

Partner

Membership Number 22450

Chennai

3rd May 2013

For and on Behalf of the Board

V Rajagopal

Chairman

Rama Rajagopal

Director

(Rs. In Lakhs)

Sl. No.	Particulars	2012-13 Rs.		2011-12 Rs.	
A	Cashflow from Operating Activities				
	Net Profit before Tax and before Extra-Ordinary Items		0.13		0.28
	Interest & Finance Charges paid	0.02		0.01	
	Interest Income	(0.28)	(0.27)	(0.34)	(0.33)
	Operating Profit before Working Capital Changes		(0.14)		(0.05)
	Decrease / (Increase) in debtors and other receivables	0.32		(0.10)	
	Increase / (Decrease) in creditors and other payables	0.13	0.45	0.09	(0.01)
	Cash generated from Operations		0.31		(0.06)
	Income Taxes Refund / (Paid) (net)		(0.05)		(0.04)
	Preliminary Expenses written off				-
	Net Cash from Operating Activities		0.26		(0.10)
B	Cashflow from Investing Activities				
	Interest Received	0.28	0.28	0.34	0.34
	Net Cash (Used In) / from Investing Activities		0.28		0.34
C	Cashflow from Financing Activities				
	Interest and Finance Charges paid	(0.02)	(0.02)	(0.01)	(0.01)
	Net Cash (Used In) / from Financing Activities		(0.02)		(0.01)
	Net Increase in Cash and Cash Equivalents		0.52		0.23
	Cash and Cash Equivalents (Opening Balance)		4.90		4.67
	Cash and Cash Equivalents (Closing Balance)		5.42		4.90

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

G. Anil

Partner

Membership Number 22450

Chennai

3rd May 2013

For and on Behalf of the Board

V. Rajagopal

Chairman

Rama Rajagopal

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 / Weof being a member / members of the Company hereby appoint of or failing him / her of as my / our proxy, to vote for me / us on my behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Monday, the 23rd day of September 2013, 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 2013.

Signature

Re.1.00
Revenue
Stamp

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 Fourth 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 23rd day of September 2013

.....
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

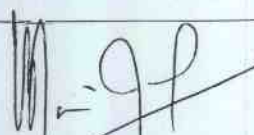
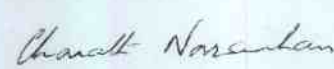
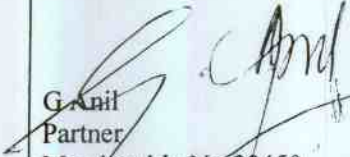



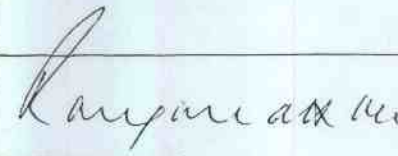
If undelivered please return to

Celebrity Fashions Limited

SDF-IV & C2, 3rd Main Road,
MEPZ-SEZ, Tambaram, Chennai - 600 045.
Tel : +91 44 4343 2300 / 2000
Fax : +91 44 4227 9100

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchange

1	Name of the Company	Celebrity Fashions Limited
2	Annual financial statements for the year ended	31 st March 2013.
3	Type of Audit Observation	Un-qualified / Matter of Emphasis : Attention is drawn to Note 26 on the Financial Statements which details the erosion of the Net Worth of the Company and the mitigating factors which establish the continuance of the Company as a going Concern. The Audit Report is not qualified in respect of this matter
4	Frequency of observation	Yearly – Since 2009
5	To be signed by	
	(a) Chairman	 V. Rajagopal
	(b) Managing Director and CFO	 Charath Ram Narasimhan
	(c) Auditor of the Company	 G Anil Partner Membership No:22450 M/s Anil Nair & Associates   C N Gangadatan Partner Membership No:11205 M/s CNGSN & Associates 
	(d) Audit Committee Chairman	 N K Ranganath