



Celebrity Fashions Limited

05th September, 2019

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400051

Scrip Code - 532695

NSE Symbol: CELEBRITY

Dear Sir/Madam,

Sub: Submission of Annual Report for the financial year 2018-19

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year 2018-19 along with the Notice convening the Annual General Meeting scheduled to be held on Monday, 30th September, 2019 at 02.30 p.m. at the Registered office of the Company at SDF - IV & C2, 3rd Main Road, MEPZ - SEZ, Tambaram, Chennai - 600045.

This is for your information and records.

Thanking you,

Yours faithfully,

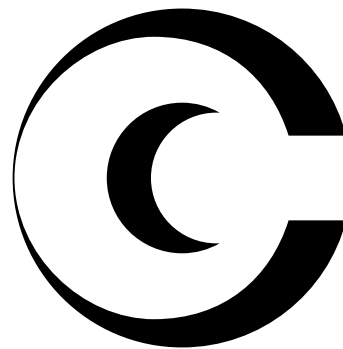
For CELEBRITY FASHIONS LIMITED

A. Rishi Kumar
Company Secretary & Compliance Officer



Encl: a/a

Celebrity Fashions Limited



30th
ANNUAL REPORT 2018-2019

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BOARD OF DIRECTORS

| | |
|-------------------------|----------------------|
| Mr. Venkatesh Rajagopal | Chairman |
| Mr. Vidyuth Rajagopal | Managing Director |
| Mrs. Rama Rajagopal | Director |
| Mr. N.K. Ranganath | Independent Director |
| Mrs. Nidhi Reddy | Independent Director |
| Mr. P.S.Raman | Independent Director |
| Mr. K. Sridhar | Independent Director |

Chief Financial Officer

Mr. S. Venkataraghavan

Company Secretary

Mr. A. Rishi Kumar

Registered Office

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

Banker

State Bank of India, Overseas Branch
Chennai – 600 001

Statutory Auditors

M/s. SRSV & Associates,
T. Nagar, Chennai – 600 017.

Internal Auditors

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

Secretarial Auditors

M/s. BP & Associates
Ashok Nagar, Chennai – 600 083

MANUFACTURING FACILITIES

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

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

No. 8, Thirumudivakkam Village,
Sriperumbudur, Kancheepuram

Warehouse

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

Washing Plant

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

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

Registrar and Share Transfer Agent

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting of Celebrity Fashions Limited will be held on Monday, 30th September, 2019 at 2.30 p.m. at the Registered Office of the Company at SDF IV & C2, 3rd Main Road, MEPZ/SEZ, Tambaram, Chennai - 600 045 to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2019 together with the reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mrs. Rama Rajagopal (DIN: 00003565), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

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

Place: Chennai
Date: 13th August, 2019

A Rishi Kumar
Company Secretary

Registered Office:

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

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“THE MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE ON HIS/HER BEHALF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The Instrument appointing the proxy, in order to be effective, should be deposited at the registered office of the company not less than 48 hours before the commencement of the AGM. 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.

- Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Corporate members are requested to send a duly certified copy of the Board Resolution, authorizing their representative to attend and vote at the Annual General Meeting.
- Members who hold the shares in the dematerialized form are requested to incorporate their DP ID Number and Client ID Number in the Attendance Slip/Proxy Form, for easier identification of attendance at the Meeting.
- The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

- The Register of Members and the Share Transfer books of the Company will remain closed from 24th September, 2019 to 30th September, 2019. (both days inclusive) for the purpose of Annual General Meeting.
- Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares members are requested to advise any change of communication address immediately to the Registrar and Transfer Agent, Viz. M/s Link Intime India Private Limited, C 101, 247 Park, L.B.S Marg, Vikhroli (W), Mumbai - 400083.
- Queries, on the Accounts and Operation of the Company, if any, may be sent to the Company at its Registered Office (marked for the attention of the CFO/CS) at least seven days in advance of the Meeting.
- In accordance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are given in S No.15. The cut-off date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be 23rd September, 2019.
- The members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting in terms of notification issued by the Ministry of Corporate Affairs dated 19.03.2015.
- Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking re-appointment at the Annual General Meeting, forms integral part of the notice.
- SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
- A route map showing directions to reach the venue of the 30th Annual General Meeting is given along with this notice.

14. IMPORTANT SHAREHOLDER COMMUNICATION:

The Ministry of Corporate Affairs (“Ministry”), Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode. As per the Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices/documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors, Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders. In case you are desirous of having a complete text of Annual Report 2018-19, you may write to us at investorservices@celebritygroup.com or at the registered Office of the Company. The Annual report of the Company can be accessed at www.celebritygroup.com in the investor section.

Electronic copy of the Notice of the 30th Annual General Meeting and Annual Report of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting and Annual Report of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

15. E-Voting:

In accordance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and the Secretarial Standards issued by the Institute of Company Secretaries of India, the Company is pleased to provide its shareholders, facility to exercise their right to vote at the 30th AGM through electronic means and the business may be transacted through the e-voting services provided by the Central Depository Services Limited (CDSL). The

facility for voting, through ballot/polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through polling paper in the Annual General Meeting.

The instructions for shareholders voting electronically (remote e-voting) are as under:

- (i) (i) The voting period begins on Friday, 27th September, 2019 at 9.00 A.M. and ends on Sunday, 29th September, 2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23rd September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member ID/folio number in the Dividend Bank details field as mentioned in instruction (v) |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Celebrity Fashions Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print out of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
16. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Monday, 23rd September 2019, being the cut-off date. Members are eligible to cast vote only if they are holding shares as on that date.
17. The Company has appointed M/s. BP & Associates, Practising Company Secretaries as Scrutinizer to scrutinize the voting (at AGM Venue) and remote e-voting process in a fair and transparent manner.
18. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two (2) witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.
19. The results of voting shall be declared by the Chairman or by any person authorized by him in this regard on or before 02nd October 2019. The result declared along with the Scrutinizer's report shall be placed on the Company's website www.celebritygroup.com and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to BSE & NSE Limited. The resolution, if approved will be taken as passed effectively on the date of declaration of the result, explained as above.

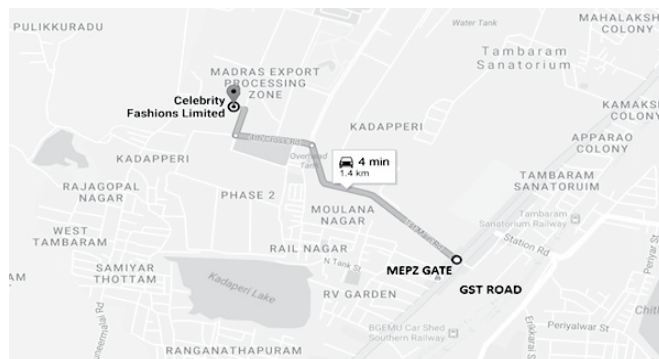
20. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 25th September, 2017.
21. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 am to 5.00 pm) on all working days except Saturdays & Sundays, up to and including the date of the Annual General Meeting of the Company.
22. In keeping with the Green Initiative measures, the Company hereby requests members who have not registered their email addresses so far, to register their email addresses for receiving all communication including annual report, notices, circulars, etc. from the Company electronically.

Details of the Director seeking re-appointment at the 30th Annual General Meeting

(In pursuance of Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard -2 on General Meetings)

| | |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| Name of Director | Mrs. Rama Rajagopal (DIN: 00003565) |
| Date of Birth & Age | 06 th Aug 1955 & 64 Years |
| Nationality | Indian |
| Qualification | Post Graduate degree in economics from University of Bangalore |
| Nature of Expertise/ Experience | General Management & Administration |
| Date of first appointment to the Board | 04 th January, 1994 |
| Terms and Conditions of Appointment / Re- appointment | Being longest in office liable to retire by rotation and sought herself of reappointment. |
| Remuneration last drawn in the FY 2018-19 | Nil |
| Remuneration proposed to be paid. | Nil |
| Number of Equity shares held in the company | 89,85,962 |
| Inter-se relationship with other Directors/KMP | Spouse of Mr. Venkatesh Rajagopal (Chairman) and Mother of Mr. Vidyuth Rajagopal (Managing Director) |
| No of Board Meetings attended and held during the year | 3/4 |
| Name(s) of other entities in which holding of directorship | Indian Terrain Fashions Limited |
| Chairpersonship/Membership in committees of other Entities | Indian Terrain Fashions Limited • Chairperson - CSR Committee |

Route Map to the AGM Venue
Venue: Celebrity Fashions Limited
SDF - IV & C 2, THIRD MAIN ROAD, MEPZ – SEZ, CHENNAI - 600045.



BOARD'S REPORT

The Directors have pleasure in presenting the 30th Annual Report of the Company, along with the Audited Financial Statements of the Company for the financial year ended 31st March, 2019.

FINANCIAL SUMMARY

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

(Rs. In Crores)

| Particulars | FY 2018-19 | FY 2017-18 |
|---------------------------------------------|------------|------------|
| Revenue From operations | 231.39 | 203.54 |
| EBITDA | 16.36 | 12.80 |
| Interest Cost | 7.27 | 6.79 |
| Profit / (Loss) before depreciation and tax | 9.09 | 6.01 |
| Depreciation | 5.85 | 6.89 |
| Profit/ (Loss) before tax | 3.24 | (0.88) |
| Provision for Taxation | 0.00 | 0.00 |
| Profit / (Loss) after tax | 3.24 | (0.88) |
| Other Comprehensive Income | (0.93) | (0.42) |
| Total Comprehensive Income | 2.31 | (1.30) |
| Earnings per Share (In Rs.) | 0.69 | (0.21) |

PERFORMANCE REVIEW

The Company has turned in a satisfactory performance in the year 2018-19 with a net Revenue from operations at Rs.231.39 crs reflecting ~ 13.7 percent rise vis-à-vis Rs.203.54 crs recorded in the previous year. The Operating EBITDA stood at Rs.16.36 crs against Rs.12.80 crs the previous year.

A detailed analysis of the financial results is given in the Management Discussion and Analysis Report which forms part of this report.

CHANGES TO SHARE CAPITAL

Preferential Allotment

Allotment of Equity Shares on Preferential basis upon conversion of Warrants: "During the financial year 2016-17, the Company has issued and allotted 56,96,756 Warrants at a price of Rs.11.41 (including premium of Rs.1.41) per Warrant to promoters and Managing Director convertible into equivalent number of Equity Shares on preferential basis in accordance with and in terms of the provisions of Sections 39, 42 and 62(1)(c) of the Companies Act, 2013 read with rules framed thereunder, Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time and other applicable laws.

Out of the 56,96,756 warrants allotted, 35,05,696 Warrants were converted into equivalent number of Equity Shares during the previous year and the remaining 21,91,060 Warrants were converted into equivalent number of Equity Shares during the year under review.

Consequent upon allotment of 21,91,060 equity shares on preferential basis, the paid up share capital of the Company has been increased from Rs. 70,68,14,450 to Rs. 72,87,25,050

The entire issue proceeds were utilized for Augmenting Long Term Capital and for general corporate purpose. This equity infusion reiterates the promoter's commitment towards the business of the company and confidence in its growth prospects and will strengthen the balance sheet of the company.

DIVIDEND

Due to the losses incurred by the Company in the earlier years, the Board of Directors have not recommended any dividend for the financial year ended 31st March, 2019.

TRANSFER TO RESERVES

During the year under review, the Company has not transferred any amount to the reserves.

FINANCE AND ACCOUNTS

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The financial statements up to and for the year ended March 31, 2017, were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act ('Previous GAAP'). The financial statements for the year ended March 31, 2018 is the first financial statements of the Company under Ind AS.

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

DEPOSITS

During the year under review, the Company has not accepted or renewed any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on March 31, 2019, there were no deposits which were unpaid or unclaimed and due for repayment.

CASH FLOW STATEMENT

In conformity with the provisions of Section 134 of Companies Act, 2013 and Regulation 34 2(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Cash flow statement for the year ended 31st March, 2019 forms part of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with the related parties entered during the year were in the ordinary course of business and on Arm's length basis. Details of such transactions are given in the accompanying financial statements.

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

Further, the prescribed details of related party transactions of the Company in Form No. AOC-2, in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in **Annexure II** to this Report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

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

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

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

COMPLIANCE WITH CODE OF CONDUCT

The Company has framed a Code of Conduct for all the members of the Board and Senior Management personnel of the Company, which was amended with effect from 1st April 2019. The Code of Conduct is available on the Company's website: www.celebritygroup.com.

All members of the Board and senior management personnel have affirmed compliance to the Code as on March 31, 2019.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the requirements of Section 135 and Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the Board of Directors have constituted a CSR Committee. The details of the Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

As there have been carry forward losses, provisions of Section 135 of Companies Act, 2013 pertaining to Corporate Social Responsibility are not applicable to the Company.

The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company.

ESTABLISHMENT OF VIGIL MECHANISM

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors:

Change in Designation

During the year, the board, at its meeting held on 08th August, 2018, based on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Vidyuth Rajagopal, who was actively involved in all spheres of the management of the Company as Managing Director from the position of Joint Managing Director with effect from 08th August, 2018 to hold office for a term of 3 (three) years and the same was approved by the shareholders at the 29th Annual General Meeting of the Company held on 25th September, 2018.

Reappointments

Mr. Pattabi Sundar Raman (DIN: 00003606), Mr. Nughalli Krishna Ranganath (DIN: 00004044), Mrs. Nidhi Reddy (DIN: 00004081) were re-appointed as Independent Directors of the Company at the 29th Annual General Meeting of the Company held on 25th September, 2018 to hold office for a term of 05 (five) consecutive years from 01st April, 2019 till 31st March, 2024. They were re-appointed based on their performance evaluation and as per the recommendation of the Nomination and Remuneration Committee and the Board considered that their continued association would be of immense benefit to the Company.

Resignations

Mr. Charath Ram Narsimhan resigned as Managing Director and from the Board of the Company effective 07th August, 2018.

Key Managerial Personnel:

The following are the Key Managerial Personnel of the Company:

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

During the year, there has been no change in the Key Managerial Personnel.

EMPLOYEE STOCK OPTION PLAN (ESOP)

During the financial year ended 31st March, 2019 there were no pending options to be vested or exercised.

DECLARATION BY INDEPENDENT DIRECTOR

The Company has received necessary declarations from all the Independent Directors of the Company confirming that they continue to meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16 & 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, as amended, an extract of the Annual Return of the Company in the prescribed form MGT-9 is annexed as **Annexure - III** to this Annual Report. The Annual Return has been hosted on the website of the Company, viz. www.celebritygroup.com.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 4 (four) times during the financial year 2018-19 i.e., 28th May 2018, 08th August 2018, 13th November, 2018 and 12th February 2019. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of all Board/ Committee meetings held are given in the Corporate Governance Report.

AUDIT COMMITTEE

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

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

REMUNERATION POLICY

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

The Policy inter alia provides for the following:

- attract, recruit, and retain good and exceptional talent;
- list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long term value creation for its stakeholders..

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provision of Section 186 of the Companies Act, 2013.

MATERIAL CHANGES & COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

BOARD EVALUATION

An annual performance evaluation of all Directors, the Committees of Directors and the Board as a whole for the year under review was carried out. For the purpose of carrying out performance evaluation, assessment questionnaires were circulated to all Directors and their feedback was obtained and recorded.

DISCLOSURE AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

Change in nature of business, if any: NIL

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

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

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

The Company was in receipt of the notice / order from statutory authorities during the year for claim not acknowledged as debts by the company. The details of the same have been provided in Note 41 of the financial statements.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman & Managing Director. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and there by strengthen the controls. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report.

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

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

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTOR

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

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

AUDITORS

Statutory Auditors

M/s SRSV & Associates, Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting (AGM) of the Members held on 25th September, 2017 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors. Their appointment was subject to ratification by the Members at every subsequent AGM held after the AGM held on 25th September, 2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence the resolution seeking ratification of the Members for continuance of their appointment at this AGM is not being sought.

The Annual Accounts of the Company including its Balance Sheet, Statement of Profit and Loss and Cash Flow Statement including the Notes and Schedules to the Accounts have been audited by M/s. SRSV & Associates, Chartered Accountants Chennai.

The Statutory Auditors' Report does not contain any qualification, reservation or adverse remark on financial Statements of the Company. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BP & Associates, Practising Company Secretaries, as the Secretarial Auditors of the Company to undertake the Secretarial Audit for the financial year 2018-19. Secretarial Audit Report given by Secretarial Auditors is annexed with the report as Annexure IV.

Qualification in Secretarial Audit Report:

The website of the Company has not been updated with the details required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

Management's Reply: The Information required to be updated on the website as per the Listing Regulations were uploaded but due to revamping of website some information got deleted and was not available on website at the time of Secretarial Audit. However, the same has been resolved.

Internal Auditors

Pursuant to Section 138 of the Companies Act 2013 read with rule 13 of The Companies (Accounts) Rules, 2014 and all other applicable provisions (including any amendment thereto) if any of the Companies Act, 2013 and as recommended by the audit committee M/s. RVKS & Associates, Chartered Accountants, Chennai were appointed as the Internal Auditors of the company for the Financial Year 2018-19.

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

COST RECORDS AND COST AUDIT

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

LISTING

The equity shares of the Company are listed at the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The applicable annual listing fees have been paid to the Stock Exchanges before the due dates.

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

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

PARTICULARS OF EMPLOYEES

Disclosure with respect to the remuneration of Directors as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure - I to this Annual Report.

Statement containing Particulars of Employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also annexed in Annexure - I which forms part of this Annual Report.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the financial year 2018-19, no unpaid or unclaimed dividend was required to be transferred to IEPF.

INTERNAL COMPLAINTS COMMITTEE

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

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

During the year ended 31st March, 2019, the ICC did not receive any complaint pertaining to sexual harassment/discrimination at the work location.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In preparation of the annual accounts for the financial year ended 31st March 2019, the applicable accounting standards have been followed and there are no material departures.
- b) They 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 of the company for that period.
- c) They have taken proper and sufficient care towards maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) They have prepared the annual accounts on a going concern basis.
- e) They have laid down internal financial controls, which are adequate and are operating effectively.
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2018-19.

DISCLOSURE REGARDING FRAUDS

The Statutory Auditors of the Company has stated that there was no material fraud by the Company or on the Company by its officers or employees was noticed or reported during the course of our audit in their Independent Auditors Report which forms part of this Annual Report. Hence, there is no requirement to report the same to Audit Committee or Board of Directors of the Company

GREEN INITIATIVES

Electronic copies of the Annual Report 2018-19 and the Notice of the 30th Annual General Meeting are sent to all members whose email addresses are registered with the Company/Depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE

A. Conservation of Energy:

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

B. Technology absorption:

Not applicable.

C. Foreign Exchange Earning and Outgo :

- | | |
|----------------------------------------------|---------------|
| a. Total Foreign exchange earned (FOB Value) | : ₹193.47 Crs |
| b. Total Foreign exchange outgo | : ₹ 48.02 Crs |

SECRETARIAL STANDARDS

The Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS- 1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/-
Venkatesh Rajagopal
 Chairman
 (DIN: 00003625)

Place: Chennai
 Date: 20th May, 2019

ANNEXURE - I TO BOARD'S REPORT
PARTICULARS OF EMPLOYEES:

A. Disclosure with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as follows:

a) Ratio of remuneration of each director to the median remuneration of all the employees of the company for the financial year 2018-19 :

| Name of Director(s) | Designation | Ratio |
|------------------------------------|-------------------|----------|
| Venkatesh Rajagopal | Chairman | Nil |
| Rama Rajagopal | Director | Nil |
| Charath Ram Narsimhan [^] | Managing Director | Nil |
| Vidyuth Rajagopal* | Managing Director | 20.6 : 1 |

[^] Resigned from the Board of the Company on close of business hours on 07th August 2018.

* Appointed as Managing Director with effect from 08th August 2018.

b) Percentage increase in the remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2018-19.

| Name of Director(s) | Designation | % increase in remuneration in financial year |
|------------------------------------|-------------------------|----------------------------------------------|
| Venkatesh Rajagopal | Chairman | Nil |
| Rama Rajagopal | Director | Nil |
| Charath Ram Narsimhan [^] | Managing Director | NA |
| Vidyuth Rajagopal* | Managing Director | 25.00 % |
| S. Venkataraghavan | Chief Financial Officer | 15.60 % |
| A. Rishi Kumar | Company Secretary | 9.00 % |

[^] Resigned from the Board of the Company on close of business hours on 07th August 2018.

* Appointed as Managing Director with effect from 08th August 2018.

c) **Percentage increase in the median remuneration of all employees in the financial year 2018-19 : 6.92%**

d) **The number of permanent employees on the rolls of the company as on 31st March 2019 : 3270**

e) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration :**

Average increase in remuneration is 16.5 % for Managerial Personnel (KMP & Senior Management) & 8 % for employees other than Managerial Personnel.

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Remuneration Policy of the Company.

f) **Information as per Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors Report for the year ended March 31, 2019 : Not Applicable**

For and on behalf of the Board

Sd/
Venkatesh Rajagopal
Chairman
(DIN: 00003625)

Place: Chennai
Date: 20th May, 2019

ANNEXURE - II TO BOARD'S REPORT
FORM NO. AOC -2

(Pursuant to Section 134(3)(h) of the Companies Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to Section 188(1) of the Companies Act, 2013 including certain arm's length transaction under third proviso there to.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| S No. | Particulars | Details |
|-------|-------------------------------------------------------------------------------------------------------------------|---------|
| 1 | Name (s) of the related party & nature of relationship | NIL |
| 2 | Nature of contracts/arrangements/transaction | |
| 3 | Duration of the contracts/arrangements/transaction | |
| 4 | Salient terms of the contracts or arrangements or transaction including the value, if any | |
| 5 | Justification for entering into such contracts or arrangements or transactions' | |
| 6 | Date(s) of approval by the Board | |
| 7 | Amount paid as advances, if any | |
| 8 | Date on which the special resolution was passed in General meeting as required under first proviso to Section 188 | |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| S No. | Particulars | Details |
|-------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Name (s) of the related party | Indian Terrain Fashions Limited. |
| 2 | Nature of Relationship | Mr.Venkatesh Rajagopal & Mrs.Rama Rajagopal, Directors of Celebrity Fashions Limited are also Directors in Indian Terrain Fashions Limited |
| 3 | Nature of contracts/arrangements/ transaction | Job work charges, Material Transfers, Washing charges, FOB Sales and rentals |
| 4 | Duration of the contracts/ arrangements/transaction | Not Applicable |
| 5 | Salient terms of the contracts or arrangements or transaction including the value, if any | Upto Maximum of Rs.40 Crores in any financial year |
| 6 | Date of approval by the Board | 13th November 2014 |
| 7 | Amount paid/received if any | NIL |

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

For and on behalf of the Board

Sd/-
Venkatesh Rajagopal
Chairman
(DIN: 00003625)

Place: Chennai
Date: 20th May, 2019

ANNEXURE – III TO BOARD’S REPORT

Form No. MGT- 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|-----|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I | CIN | L17121TN1988PLC015655 |
| II | Registration Date | 28-04-1988 |
| III | Name of the Company | CELEBRITY FASHIONS LIMITED |
| IV | Category / Sub-Category of the Company | Company Limited by Shares |
| V | Address of the Registered Office and Contact Details | SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045 Ph No.044-4343 2200; Email id: investorservices@celebritygroup.com |
| VI | Whether listed company | Yes |
| VII | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400 083 Phone No.022- 49186000 Fax No.022 49186060 Website: www.linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

| S No. | Name and Description of main Products/Services | NIC Code of the Product/Service | % to total turnover of the Company |
|-------|-----------------------------------------------------------------------|---------------------------------|------------------------------------|
| 1 | Manufacture of all types of textile garments and clothing accessories | 141 | 100.00 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S No. | Name and Address of the Company | CIN/GLN | Holding/Subsidiary/ Associate | % of Shares Held | Applicable Section |
|----------------|---------------------------------|---------|-------------------------------|------------------|--------------------|
| NOT APPLICABLE | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 01.04.2018) | | | | No. of Shares held at the end of the year (As on 31.03.2019) | | | | %Change during the year | |
|---------------------------------------------------------|-----------------------------------------------------------------------|----------|-----------------|-------------------|-----------------------------------------------------------------|----------|-----------------|-------------------|-------------------------|--|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | | |
| A. Promoters | | | | | | | | | | |
| (1) Indian | | | | | | | | | | |
| a) Individuals/HUF | 17760265 | - | 17760265 | 38.97 | 19976325 | - | 19976325 | 41.82 | 2.85 | |
| b) Central Govt. | - | - | - | - | - | - | - | - | - | |
| c) State Govts | - | - | - | - | - | - | - | - | - | |
| d) Bodies Corporate | - | - | - | - | - | - | - | - | - | |
| e) Banks/FI | - | - | - | - | - | - | - | - | - | |
| f) Any other | - | - | - | - | - | - | - | - | - | |
| Sub-Total (A)(1) | 17760265 | - | 17760265 | 38.97 | 19976325 | - | 19976325 | 41.82 | 2.85 | |
| (2) Foreign | | | | | | | | | | |
| a) NRI-Individuals | - | - | - | - | - | - | - | - | - | |
| b) Other Individuals | - | - | - | - | - | - | - | - | - | |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - | |
| d) Banks/FI | - | - | - | - | - | - | - | - | - | |
| e) Any other | - | - | - | - | - | - | - | - | - | |
| Sub-Total (A)(2) | - | - | - | - | - | - | - | - | - | |
| Total Shareholding of Promoter (A)=(A)(1)+(A)(2) | 17760265 | - | 17760265 | 38.97 | 19976325 | - | 19976325 | 41.82 | 2.85 | |

| B. Public Shareholding | | | | | | | | | |
|------------------------------------------------------------------------------------|-----------------|------------|-----------------|---------------|-----------------|------------|-----------------|---------------|---------------|
| 1) Institutions | | | | | | | | | |
| a) Mutual Funds/ UTI | - | - | - | - | - | - | - | - | - |
| b) Financial Institutions / Banks | - | - | - | - | - | - | - | - | - |
| c) Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| d) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| e) Insurance Companies | - | - | - | - | - | - | - | - | - |
| f) Foreign Portfolio Investors | 4565000 | - | 4565000 | 10.2 | 4565000 | - | 4565000 | 9.56 | (0.46) |
| g) Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| h) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| i) Others | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1) | 4565000 | - | 4565000 | 10.2 | 4565000 | - | 4565000 | 9.56 | (0.46) |
| 2) Non-institutions | | | | | | | | | |
| a) Bodies Corporate | 3058688 | - | 3058688 | 6.71 | 2831158 | 0 | 2831158 | 5.93 | (0.78) |
| b) Individuals | | | | | | | | | |
| i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 6796533 | 165 | 6796698 | 14.91 | 6668687 | 165 | 6668852 | 13.96 | (0.95) |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 11681234 | 0 | 11681234 | 25.63 | 12216974 | 0 | 12216974 | 25.58 | (0.05) |
| c) NBFC registered with RBI | - | - | - | - | 300 | 0 | 300 | 0 | 0 |
| d) Clearing Members | 595022 | - | 595022 | 1.31 | 113789 | 0 | 113789 | 0.24 | (1.07) |
| e) Hindu Undivided Family | 685319 | - | 685319 | 1.50 | 841014 | 0 | 841014 | 1.76 | 0.26 |
| f) Non Resident Indians | 433678 | - | 433678 | 0.95 | 550727 | 0 | 550727 | 1.15 | 0.20 |
| g) Foreign Companies | - | - | - | - | - | - | - | - | - |
| h) Office bearers | 1006 | - | 1006 | 0.00 | 3831 | 0 | 3831 | 0.01 | 0.01 |
| i) Trusts | 35 | - | 35 | 0.00 | 35 | - | 35 | 0.00 | 0.00 |
| Sub-Total (B)(2) | 23251515 | 165 | 23251680 | 51.02 | 23226515 | 165 | 23226680 | 48.62 | (2.39) |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 27816515 | 165 | 27816680 | 61.03 | 27791515 | 165 | 27791680 | 58.18 | (2.85) |
| C. Shares held by Custodians for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| GRAND TOTAL (A)+(B)+(C) | 45576780 | 165 | 45576945 | 100.00 | 47767840 | 165 | 47768005 | 100.00 | - |

(ii) Shareholding of Promoters:

| S No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Share holding during the year |
|-------|---------------------|-------------------------------------------|----------------------------------|------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------------|
| | | No. of shares | % of total shares of the company | % of Shares Pledged encumbered to total shares | No. of shares | % of total shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1 | Venkatesh Rajagopal | 10957617 | 24.04 | 12.66 | 10957617 | 22.94 | 13.71 | (1.10) |
| 2 | Rama Rajagopal | 6794902 | 14.91 | 12.65 | 8985962 | 18.81 | 13.71 | 3.90 |
| 3 | Vidyuth Rajagopal | 7000 | 0.02 | 0.00 | 32000 | 0.07 | 0.00 | 0.05 |
| 4 | Rajagopalan.K.A | 646 | 0.00 | 0.00 | 646 | 0.00 | 0.00 | 0.00 |
| 5 | Anjali Rajagopal | 100 | 0.00 | 0.00 | 100 | 0.00 | 0.00 | 0.00 |
| | Total | 17760265 | 38.97 | 25.31 | 19976325 | 41.82 | 27.42 | 2.85 |

(iii) Change in Promoters' Shareholding

| S No. | Shareholders Name | Shareholding at the beginning of the Year | | Cumulative Shareholding during the year | |
|-------|---------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of Shares | % of total Shares of the company |
| 1. | Rama Rajagopal | 6794902 | 14.91 | | |
| | 2191060 Equity shares were allotted on preferential basis (03rd September 2018) | | | 2191060 | 4.59 |
| | At the end of the Year | | | 8985962 | 18.81 |
| 2. | Vidyuth Rajagopal | 7000 | 0.02 | | |
| | Purchase of 25000 Equity shares from open market. (11th May 2018) | | | 25000 | 0.05 |
| | At the end of the Year | | | 32000 | 0.07 |

(IV) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| S No. | Top 10 Shareholders | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year | |
|-------|---------------------------------------------|-------------------------------------------|----------------------------------|------------------------------|---------------|------------------------------------------------|----------------------------------|
| | | No. of Shares held | % of total shares of the Company | Date of Transaction | No. of Shares | No. of Shares held | % of total shares of the Company |
| 1 | CHARATH RAM NARSIMHAN | 2340255 | 4.90 | | | 2340255 | 4.90 |
| | Transfer | | | 27 Apr 2018 | 2191060 | 4531315 | 9.49 |
| | At the end of the year | | | | | 4531315 | 9.49 |
| 2 | LEMAN DIVERSIFIED FUND | 2465000 | 5.16 | | | 2465000 | 5.16 |
| | At the end of the year | | | | | 2465000 | 5.16 |
| 3 | DAVOS INTERNATIONAL FUND | 2100000 | 4.40 | | | 2100000 | 4.40 |
| | At the end of the year | | | | | 2100000 | 4.40 |
| 4 | BENNETT, COLEMAN AND COMPANY LIMITED | 1316818 | 2.76 | | | 1316818 | 2.76 |
| | At the end of the year | | | | | 1316818 | 2.76 |
| 5 | ANLAGE INFOTECH INDIA PVT LTD | 550440 | 1.15 | | | 550440 | 1.15 |
| | Transfer | | | 24 Aug 2018 | 47221 | 597661 | 1.25 |
| | Transfer | | | 31 Aug 2018 | 33779 | 631440 | 1.32 |
| | Transfer | | | 29 Sep 2018 | 14351 | 645791 | 1.35 |
| | At the end of the year | | | | | 645791 | 1.35 |
| 6 | JITENDRA H PANJABI | 100000 | 0.21 | | | 100000 | 0.21 |
| | Transfer | | | 13 Apr 2018 | 209985 | 309985 | 0.65 |
| | Transfer | | | 20 Apr 2018 | 30015 | 340000 | 0.71 |
| | Transfer | | | 27 Apr 2018 | 40000 | 380000 | 0.80 |
| | Transfer | | | 04 May 2018 | 45000 | 425000 | 0.89 |
| | Transfer | | | 25 May 2018 | 25000 | 450000 | 0.94 |
| | Transfer | | | 01 Jun 2018 | 50000 | 500000 | 1.05 |
| | Transfer | | | 08 Jun 2018 | 10000 | 510000 | 1.07 |
| | Transfer | | | 27 Jul 2018 | 9819 | 519819 | 1.09 |
| | Transfer | | | 03 Aug 2018 | 10181 | 530000 | 1.11 |
| | At the end of the year | | | | | 530000 | 1.11 |
| 7 | DHARMESH BHAVANJI HARIA | 425000 | 0.89 | | | 425000 | 0.89 |
| | Transfer | | | 06 Apr 2018 | 25000 | 450000 | 0.94 |
| | Transfer | | | 13 Apr 2018 | 5000 | 455000 | 0.95 |
| | Transfer | | | 01 Jun 2018 | 3200 | 458200 | 0.96 |
| | Transfer | | | 06 Jul 2018 | 3800 | 462000 | 0.97 |
| | Transfer | | | 31 Aug 2018 | 5 | 462005 | 0.97 |
| | Transfer | | | 05 Oct 2018 | 7994 | 469999 | 0.98 |
| | Transfer | | | 12 Oct 2018 | 1 | 470000 | 0.98 |
| | Transfer | | | 02 Nov 2018 | 5000 | 475000 | 0.99 |
| | Transfer | | | 11 Jan 2019 | 1 | 475001 | 0.99 |
| | At the end of the year | | | | | 475001 | 0.99 |
| 8 | NILESHKUMAR PANDYA | 0 | 0.00 | | | 0 | 0.00 |
| | Transfer | | | 06 Jul 2018 | 4075 | 4075 | 0.01 |
| | Transfer | | | 13 Jul 2018 | 1945 | 6020 | 0.01 |
| | Transfer | | | 20 Jul 2018 | 12000 | 18020 | 0.04 |
| | Transfer | | | 27 Jul 2018 | 17679 | 35699 | 0.07 |
| | Transfer | | | 31 Aug 2018 | 12200 | 47899 | 0.10 |
| | Transfer | | | 07 Sep 2018 | 3582 | 51481 | 0.11 |
| | Transfer | | | 21 Sep 2018 | 16908 | 68389 | 0.14 |
| | Transfer | | | 29 Sep 2018 | 1641 | 70030 | 0.15 |
| | Transfer | | | 05 Oct 2018 | 970 | 71000 | 0.15 |
| | Transfer | | | 12 Oct 2018 | 100 | 71100 | 0.15 |
| | Transfer | | | 26 Oct 2018 | 4040 | 75140 | 0.16 |
| | Transfer | | | 02 Nov 2018 | 8566 | 83706 | 0.18 |

| S No. | Top 10 Shareholders | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year | |
|-----------|------------------------------------------|-------------------------------------------|----------------------------------|------------------------------|---------------|------------------------------------------------|----------------------------------|
| | | No. of Shares held | % of total shares of the Company | Date of Transaction | No. of Shares | No. of Shares held | % of total shares of the Company |
| | Transfer | | | 09 Nov 2018 | -83706 | 0 | 0.00 |
| | Transfer | | | 18 Jan 2019 | 193891 | 193891 | 0.41 |
| | Transfer | | | 25 Jan 2019 | 39139 | 233030 | 0.49 |
| | Transfer | | | 01 Feb 2019 | 54692 | 287722 | 0.60 |
| | Transfer | | | 08 Feb 2019 | 38813 | 326535 | 0.68 |
| | Transfer | | | 15 Feb 2019 | 3307 | 329842 | 0.69 |
| | At the end of the year | | | | | 329842 | 0.69 |
| 9 | M.NEELA REDDY | 280716 | 0.59 | | | 280716 | 0.59 |
| | Transfer | | | 10 Aug 2018 | -10000 | 270716 | 0.57 |
| | At the end of the year | | | | | 270716 | 0.57 |
| 10 | CHOPRA NARPATKUMAR KEWALCHAND HUF | 44931 | 0.09 | | | 44931 | 0.09 |
| | Transfer | | | 06 Jul 2018 | 200000 | 244931 | 0.51 |
| | Transfer | | | 09 Nov 2018 | -244931 | 0 | 0.00 |
| | Transfer | | | 07 Dec 2018 | 244931 | 244931 | 0.51 |
| | At the end of the year | | | | | 244931 | 0.51 |

(v) Shareholding of Directors and Key Managerial Personnel:

| S No. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| 1 | Venkatesh Rajagopal - Chairman & Director | | | | |
| | At the beginning of the year | 10957617 | 24.04 | | |
| | Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease | - | - | - | - |
| | At the end of the Year | | | 10957617 | 22.94 |
| 2 | Rama Rajagopal – Director | | | | |
| | At the beginning of the year | 6794902 | 14.91 | 6794902 | 14.22 |
| | 2191060 Equity shares were allotted on preferential basis (03rd September 2018) | - | - | 2191060 | 4.59 |
| | At the end of the Year | | | 8985962 | 18.81 |
| 3 | Vidyuth Rajagopal – Managing Director | | | | |
| | At the beginning of the year | 7000 | 0.02 | 7000 | 0.22 |
| | Purchase of 25000 shares from open market | - | - | 25000 | 0.05 |
| | At the end of the Year | | | 32000 | 0.07 |
| 4 | Venkataram S - Chief Financial Officer | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease | - | - | - | - |
| | At the end of the Year | - | - | - | - |
| 5 | A. Rishi Kumar - Company Secretary | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease | - | - | - | - |
| | At the end of the Year | - | - | - | - |

Note : Independent Directors did not hold any shares in the company during the financial year 2018 -19.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakhs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-------------------------------------------------------------------------------|----------------------------------|-----------------|-------------|--------------------|
| Indebtedness at the beginning of the financial year (as on 01.04.2018) | | | | |
| i.Principal amount | 9783.79 | 0.00 | 0.00 | 9783.79 |
| ii.Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii.Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total(i+ii+iii) | 9783.79 | 0.00 | 0.00 | 9783.79 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 0.00 | 0.00 | 0.00 | 0.00 |
| Reduction | 643.67 | 0.00 | 0.00 | 643.67 |
| Net Change | 643.67 | 0.00 | 0.00 | 643.67 |
| Indebtedness at the end of the financial year (as on 31.03.2019) | | | | |
| i. Principal amount | 9140.12 | 0.00 | 0.00 | 9140.12 |
| ii. Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii. Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 9140.12 | 0.00 | 0.00 | 9140.12 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. in Lakhs)

| S No. | Particulars of Remuneration | Mr. Charath Ram Narsimhan ^ (Managing Director) | Mr. Vidyuth Rajagopal (Managing Director) | Total Amount |
|-------|-----------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------|--------------|
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 | - | 30.00 | 30.00 |
| | b) Value of Perquisites u/s 17(2) of Income –tax Act,1961 | - | - | - |
| | c) Profits in lieu of salary under section 17(3) of Income-tax Act,1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission -as % of profit -others,Specify | - | - | - |
| 5 | Others,please specify | - | - | - |
| | Total (A) | - | 30.00 | 30.00 |

^ Mr. Charath Ram Narsimhan resigned from the Board from the close of business hours on 07th August 2018

B. Remuneration to other directors:

(Amount in Lakhs)

| Particulars of Remuneration | Name of Independent Directors | | | | Total Amount |
|-----------------------------------------------|-------------------------------|-------------|--------------|-------------|--------------|
| | N.K. Ranganath | P.S. Raman | Nidhi Reddy | K. Sridhar | |
| 1. Independent Directors | | | | | |
| a) Fee for attending Board/Committee Meetings | 0.21 | 0.05 | 0.065 | 0.20 | 0.53 |
| b) Commission | - | - | - | - | - |
| c) Others, Please specify | - | - | - | - | - |
| Total (1) | 0.21 | 0.05 | 0.065 | 0.20 | 0.53 |
| 2. Other Non-Executive Directors | | | | | |
| a) Fee for attending Board/Committee Meetings | - | - | - | - | - |
| b) Commission | - | - | - | - | - |
| c) Others, Please specify | - | - | - | - | - |
| Total(2) | - | - | - | - | - |
| Total (B)=(1+2) | 0.21 | 0.05 | 0.065 | 0.20 | 0.53 |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Rs. in Lakhs)

| S No. | Particulars of Remuneration | Chief Financial Officer | Company Secretary | Total Amount |
|-------|------------------------------------------------------------------------------------|-------------------------|-------------------|--------------|
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 21.36 | 6.39 | 27.75 |
| | b) Value of Perquisites u/s 17(2) of Income –tax Act, 1961 | - | - | - |
| | c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission -as % of profit -others, Specify | - | - | - |
| | Others, please specify | - | - | - |
| | Total (C) | 21.36 | 6.39 | 27.75 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment, compounding of offences for the year ending 31st March 2019.

For and on behalf of the Board

 Place: Chennai
 Date: 20th May, 2019

 Sd/-
Venkatesh Rajagopal
 Chairman
 (DIN: 00003625)

ANNEXURE – IV TO BOARD'S REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

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

 To,
 The Members,
Celebrity Fashions Limited.
 SDF - IV & C 2, Third Main Road,
 MEPZ - SEZ, Tambaram,
 Chennai – 600 045

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

Based on our verification of the Celebrity Fashions Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by Celebrity Fashions Limited for the financial year ended on 31st March, 2019 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - e. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - f. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - vi. The Special Economic Zones Act, 2005
 - vii. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
 - viii. Other laws applicable to the company as per the representations made by the management

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India have been generally complied with.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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

1. The website of the Company has not been updated with the details required under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

During the period under review there were no events which required specific compliance of the provisions of

- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice has been given to all directors to schedule the Board Meetings, agenda and detailed notes on the agenda were sent at least and seven days in advance, and a system exists for seeking and obtaining further information clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

1. Appointment of Mr. Vidyuth Rajagopal as Managing Director of the Company.

The Board of Directors in their meeting held on 8th August, 2018 on the recommendation of the Nomination and Remuneration Committee, has approved the re-appointment of Mr. Vidyuth Rajagopal as Managing Director of the Company for a period of three years effective from 8th August, 2018. Subsequently the same has been approved by shareholders at the AGM held on 25th September, 2018.

2. Resignation of Managing Director

Mr. Charath Ram Narsimhan has resigned from the post of Managing Director of the Company with effect from 7th August, 2018.

3. Allotment of Equity Shares on Preferential Basis upon conversion of warrants

The Board of Directors of the Company had allotted 21,91,060 equity shares of face value of Rs. 10/- each upon conversion of equivalent number of convertible warrants at a price of Rs. 11.41/- per equity share to Mrs. Rama Rajagopal, Promoter Director on preferential basis.

4. Reappointment of Independent Directors of the Company.

Based on the recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. N.K. Ranganath, Mrs. Nidhi Reddy and Mr. P.S. Raman were reappointed as Independent Directors of the Company for a term of 5 years with effect from 1st April, 2019.

For **BP & Associates**
Company Secretaries

K. J. Chandra Mouli
Partner
M No: 25315
CP No: 15708

Date : 20th May 2019
Place: Chennai

'ANNEXURE A'

To
The Members,
Celebrity Fashions Limited,
SDF - IV& C 2, Third Main Road,
MEPZ - SEZ, Tambaram,
Chennai – 600 045

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

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

For **BP & Associates**
Company Secretaries

K. J. Chandra Mouli
Partner
M No: 25315
CP No: 15708

Date : 20th May 2019
Place: Chennai

MANAGEMENT DISCUSSION & ANALYSIS

Global Economy:

In 2018, the global economy grew 3.7% compared to 3.8% in 2017, largely on account of the failure of Brexit negotiations, tightened financial conditions, geopolitical tension and higher crude oil costs. Global growth is estimated at 3.5% in 2019 and 3.6% in 2020 on account of a sustained weakening in advanced economies. In addition, weak financial market sentiments, poor business confidence, new fuel emission standards in Germany and natural disasters in Japan also led to slowdown in the global economy.

Economic activity in advanced economies grew at 2.3% in 2018, lower from 2017. Activity in the Euro Area has been somewhat weaker at 1.8% in 2018 as compared to 2.4% last year.

The upswing in commodity exporters has stagnated, while activity in commodity importers is decelerating. Per capita growth will be insufficient to narrow the income gap with advanced economies in about 35% of emerging market and developing economies in 2019, with the share increasing to 60% in countries affected by fragility, conflict, and violence.

US & Europe:

The global apparel market is primarily composed of world's largest economies of US, European Union (EU), Japan and China. The US and EU are the world's largest apparel importers accounting for 60% of total global imports, followed by Japan with a share of 7-10%.

World textile consumption is expected to be affected by cooling economic growth in advanced economies, particularly in Europe.

US apparel imports have stagnated in the first half overall with this average result hiding sharp differences depending on product categories and origins. Suppliers are obviously finding it difficult to further lower their prices with US demand slowing down in volume terms, therefore.

The US experienced a fall in imports from nine of its top ten apparel supplier countries. US apparel imports from Vietnam have continued slowing down in August, due to a more significant rise of their average unit price. Chinese shipments have even slightly declined in volume terms.

U.S. retail sales recorded their biggest drop in more than nine years in December as receipts fell across the board, suggesting a sharp slowdown in economic activity at the end of 2018. With crippling competition from Amazon, retail stores are struggling. 16 U.S. Chains filed for bankruptcy in 2018 as against 50 in the year 2017.

During the period Jan-Mar 2019, Overall imports of T&C and RMG clothing into EU have declined by -1.11% and -0.59% respectively and the overall EU imports of Cotton Textiles has declined by (-) 4.30% during the same period.

EU's clothing imports are now dropping in volume terms due to the fall of the European currencies against the US dollar. In Central and Eastern Europe, the economic performance of textile companies depends largely on their exports, mainly to the EU. They are therefore expected to be hit by slower growth in their main partner.

Rating agencies and the European Central Bank (ECB) anticipate a downturn of the economy in the Eurozone for this year. In this environment, fashion gets ready for another complex year, after closing 2018 in red in almost all the big European markets, and with an additional uncertain political context marked by Brexit and elections.

For fashion and retail as a whole, this downturn means a new spanner after a year in red. In Spain, for example, fashion trade declined by 2.2% in 2018, its worst fiscal year since 2016.

In Germany, the first European power, economy had a little shock in the third quarter in 2018, when the GDP slightly stepped back due to the downturn in global trade. However, forecasts for the country are still stable, with an approximated rise of 1.6% for 2019, in line with last year's.

Western Europe risks remaining a key contributor to the global list of top insolvencies, as has been the case in 2018, notably in the retail sector with 20 major insolvencies in the first three quarters of 2018, and big ticket failures notably in the UK, Italy and France.

Industry Overview:

The apparel industry is going through a decisive era of major consumer, channel, and supply shifts while suffering from increased economic volatility.

Asian countries have over the years strengthened the region's dominance in the textiles and apparel trade at the expense of reduced share of western nations across all categories. The key driver of this shift is the lower cost of production in Asian countries. T&A exports from African countries have also grown in recent years, however, it is low in value terms.

World export trade in clothing increased by 4.96% from US \$ 430.49 Bn during Jan-Dec 2017 to US \$ 451.85 Bn during Jan-Dec 2018. Amongst the top ten suppliers, China (largest exporter) showed a slight decline of (-) 0.67%. Bangladesh (2nd largest exporter) reported a growth of 12.22%. Vietnam (3rd largest exporter) reported a growth of 14.27% during Jan-Dec 2018. Germany being the 4th largest exporter reported growth of 14.86%. India (6th) have declined by (-) 9.99% during Jan-Dec 2018. Italy, Turkey, Spain and Netherlands have reported positive growth during Jan-Dec 2018.

Driven by rising labor cost and strong currency, China has been losing market share over the last few years. On the other hand, exports from Bangladesh and Vietnam have been growing rapidly and Bangladesh is the second largest RMG exporter globally (after adjusting for intra EU trade). Countries like Turkey, Morocco and Tunisia have emerged as key exporters to EU recently on account of their proximity to EU nations.

The development of e-commerce is having a major impact on the clothing market, especially in advanced economies and China: the share of online sales is constantly increasing and is undermining brick-and-mortar shops.

US and Europe have offshored their manufacturing to China and other Asian countries, But the offshoring model is hardly compatible with the new need for speed. Shipping inventory from Asia via sea to Western markets typically takes 30 days. Such a long lead time eliminates any possibility of flexibility and differentiation. Air freight is an option, but an expensive one; it is also not environmentally friendly, a consideration that will increase in importance.

While moving to a demand-led model requires apparel companies to pull levers in all phases of the fashion cycle, bringing production back closer to consumers with near- or onshoring offers the opportunity to eliminate big chunks of lead time.

The "need for speed" is evident in the fashion business. Technology and consumer trends are its main drivers. It presents both threats and opportunities. If you want to sell high volumes, you can use IT solutions that will speed up your ordering, production and delivery processes. You may also choose to avoid the speed trend, focusing on slower fashion with higher margins.

Technology is changing the apparel industry with new production techniques, faster communication, the possibilities of scanning sizes. Particularly in fast fashion, labor-intensive production will likely make way for capital-intensive production, dominated by new technology and robotics.

Indian Textile Industry:

Indian readymade garments/apparels (RMG) industry is the largest segment of the Indian T&A Industry accounting for approximately 50% of the total industry.

The Indian apparel sector continues to face tough times, after four successive years of weak performance. During April-February, 2018-19 apparel exports have witnessed a decline by 5.3% yoy, led by a sharp drop in exports to UAE.

Even after the exit of China from the lower end of the apparel market, tough competition from countries like Indonesia, Vietnam and Bangladesh has remained a challenge for Indian exporters due to low quality of infrastructure and tariff preferences obtained by other countries that make Indian goods relatively uncompetitive.

Raw material (cotton) prices have been on an uptrend in India since quite some time, and no price respite may be visible in the foreseeable future. According to the Cotton Association of India, cotton production is likely to decline by 3-4 percent this year to 350 lakh bales. The reduction is attributable to low rainfall in key cotton growing states such as Gujarat (which affects sowing patterns), a decline in acreage, outbreak of pink bollworm infestation on crops, and focus on other cash crops by farmers (especially in Andhra Pradesh, Maharashtra, Karnataka and Punjab). For home textile majors, passing on such cost hikes to importers is difficult because products, more often than not, are commoditised in nature.

In the US, which is the biggest market for home textile exports from India, financial position of some offline retailers hasn't been too encouraging. This is predominantly because of heightened threat from e-commerce players out there, which has forced many brick-and-mortar outlets to shut shop and file for bankruptcy. As a result, demand for home textile products from their end may remain sluggish for quite some time. Contract renegotiations may get trickier for India's home textile majors in view of the ongoing tough market conditions. Established US-based retailers are realigning and restructuring business models by cutting down inventory. Instead of following the erstwhile policy of receiving monthly consignments, they are moving to the weekly orders system, which eventually increases working capital costs of suppliers (ie. India's home textile companies).

The RMG sector is highly labour intensive and about 70 per cent of them being women. The availability of cheap and skilled manpower is a constant challenge for the industry. Rising costs of skilled labour is a risk for the industry. Also, any change in government regulations or legislation governing labour laws will directly impact the cost of production.

Post implementation of GST and effective October 2017, export incentives have been reduced on export of apparels - on cotton knitted garments, from 7.6 per cent to 2.0 per cent and on blended garments from 9.2 per cent to 2.5 per cent. Reduction in export incentive are overall leaving a massive dent in profits.

With rapid advancement in technology and increasing price competition from the other international players, RMG manufacturers will be required to make additional capital expenditure on upgrading their manufacturing facilities.

Internal Control Systems and their Adequacy

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

Human Resources/Industrial Relations

Industrial relations have continued to be harmonious at all units throughout the year. No man-days were lost due to strike, lock out etc.

Measures for employees' safety, their welfare and development received top priorities. Your Company has a vision of being an 'Injury Free' and 'Zero Environment Incident' organisation. Over the past many years, your Company has been progressing well on the safety record in factories and facilities. The Company had around 3270 employees as on 31st March 2019.

Disclaimer

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could materially differ from those expressed or implied.

Financial Performance:

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

| | FY 2018-19 | | FY 2017-18 | |
|--------------------------------------------------------------------------|------------------|---------------|------------------|---------------|
| | Amount (In Crs.) | % to Revenues | Amount (In Crs.) | % to Revenues |
| Revenue from operations | 231.39 | | 203.54 | |
| Other Income | (1.24) | | 2.65 | |
| Total revenues | 230.15 | | 206.19 | |
| Cost of Materials | 124.69 | 53.89% | 109.02 | 53.56% |
| Change in Inventories of Finished Goods & Work-in-Progress – (Inc) / Dec | (2.92) | (1.26) | (0.29) | (0.14) |
| Employee Benefit Expenses | 54.95 | 23.75% | 54.16 | 26.61% |
| Other Expenses | 37.07 | 16.02% | 30.5 | 14.98% |
| Total Expenses | 213.79 | 92.39% | 193.39 | 95.01% |
| EBITDA | 16.36 | 7.07% | 12.8 | 6.29% |
| Depreciation | 5.85 | 2.53% | 6.89 | 3.39% |
| Finance Costs | 7.27 | 3.14% | 6.79 | 3.34% |
| Profit/ (Loss) before Tax before Exceptional Items | 3.24 | 1.40% | (0.88) | (0.43) |
| Exceptional Items - Expense / (Income) | - | 0.00% | - | 0.00% |
| Profit / (Loss) before Tax after Exceptional Items | 3.24 | 1.40% | (0.88) | (0.43) |
| Tax Expense | - | 0.00% | - | 0.00% |
| Other comprehensive Income | (0.93) | (0.40) | (0.42) | (0.21) |
| Total comprehensive Income for the year | 2.31 | 1.00% | (1.30) | (0.64) |

Revenue from Operations

The Company has turned in a satisfactory performance in the year 2018-19 with a net Revenue from operations at Rs.231.39 crs reflecting ~ 13.7 percent rise vis-à-vis Rs.203.54 crs recorded in the previous year. The Operating EBITDA stood at Rs.16.36 crs against Rs.12.80 crs the previous year.

Cost of Materials & Changes in inventories

The cost of materials adjusted for changes in inventories of finished goods and work in progress is 52.9 % as against 53.4 % in the previous year.

Employee Costs

Though the manpower cost is up by 1.5% in absolute terms, it is 23.8 % to revenues as against 26.6 % in the previous year.

Depreciation

Depreciation during the year reduced to Rs.5.85 crores as against Rs.6.89 crores in the previous year.

Finance Costs

Though the finance cost is up by 7% in absolute terms, it is 3.14 % to revenues as against 3.34% in the previous year.

Profit before tax and net profits

The net profit during the year is Rs.2.31 crores as against net loss of Rs.1.30 crores in the previous year.

Profitability and Financial risks ratios:

| Ratios | Basis | FY 2018-19 | FY 2017-18 |
|------------------------|----------|------------|------------|
| Operating Profit Ratio | In % | 7.07% | 6.29% |
| Net Profit Ratio | In % | 1.00% | -0.64% |
| Debtor Turnover | In Days | 53.76 | 64.75 |
| Inventory Turnover | In Days | 78.57 | 72.50 |
| Current Ratio | In Times | 1.00 | 0.94 |
| Debt Equity Ratio | In Times | 1.85 | 2.09 |

Forex Risk

The Company's policy is to systematically hedge its long term foreign exchange risks as well as short term exposures in line with its hedging policy. In addition to this, the company also has a natural hedge on the imports of the company which is almost 40%-50% of its Exports.

Business Philosophy

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

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

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

I. Operational Excellence

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

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

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

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

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

II. Wastage Elimination

The above pillar can be further segregated into 2 categories:
Wastage in terms of

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

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

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

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

III. Fiscal Discipline

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations"]

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance refers to the framework of rules and practices through which the board of directors ensures accountability, fairness, and transparency in a company's relationship with all its stakeholders.

We believe in our employees and other stakeholders; and ensure adequate control system to enable the Board to efficiently conduct the business and discharge its responsibilities to shareholders.

The Company has adopted the requirements of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), the disclosure requirements of which are given below :

BOARD OF DIRECTORS

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

The Key to good corporate governance is the optimum combination of the executive and non-executive directors on the board and the extent of their independence. The Board consists of 7 (Seven) members with knowledge and experience in diverse fields and professionally acclaimed to understand their role in addressing the issues raised by the management. The day-to-day affairs of the company are managed by the Managing Director under the supervision of the Board.

COMPOSITION

As on 31st March, 2019, the Company's Board of Directors ('Board') comprises seven Directors, which includes One Executive Director, Two Non – Executive Non Independent Directors and Four Non Executive Independent Directors.

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

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

None of the Directors hold directorships in more than twenty Indian Companies including ten public limited Companies. Further none of them serve as Members of more than 10 (ten) Board Committees nor are any of them serving as Chairperson of more than 5 (five) Board Committees (Audit Committee and Stakeholders' Relationship Committee) across all the companies in which he/she is a Director.

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

The composition of the Board of Directors and number of other Directorships & Memberships / Chairmanships of Committees as on 31st March, 2019 is as under:

| Sr. No. | Name & (DIN) of Directors | Category | Directorships in other Companies (*) | No of Committee positions held in other companies (**) | |
|---------|-----------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------|--------|
| | | | | Chairman | Member |
| 1 | Mr. Venkatesh Rajagopal (DIN: 00003625) | Promoter & Non Executive Director | 1 | - | 2 |
| 2 | Mrs. Rama Rajagopal (DIN: 00003565) | Promoter & Non Executive Director | 1 | - | - |
| 3 | Mr. P.S.Raman (DIN: 00003606) | Independent & Non Executive Director | 2 | - | 3 |
| 4 | Mr. N.K.Ranganath (DIN: 00004044) | Independent & Non Executive Director | 3 | 2 | - |
| 5 | Mrs. Nidhi Reddy (DIN: 00004081) | Independent & Non Executive Director | 1 | - | - |
| 6 | Mr. Vidyuth Rajagopal (DIN: 07578471) | Managing Director | NA | - | - |
| 7 | Mr. K Sridhar (DIN: 02916536) | Independent & Non Executive Director | 3 | - | - |

Notes:

*Directorships held in Private Limited Companies, Section 8 Companies (as per Companies Act, 2013), Alternate Directorships and Directorships in entities incorporated outside India (Excluding Celebrity Fashions Limited)

** Position in Audit Committee and Stakeholders Relationship Committee only (excluding Private Limited Company, Foreign Company and Section 8 Company) as provided in Regulation 26(1) of Listing Regulations.

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

During the year under review Board met Four (04) times on 28th May 2018, 08th August 2018, 13th November 2018 and 12th February 2019. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 days.

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

| Name of the Director(s) | Number of Board Meetings held and attended during the FY 2018-19 | | Attendance at last AGM |
|----------------------------------------|------------------------------------------------------------------|----------|------------------------|
| | Held | Attended | |
| Mr. Venkatesh Rajagopal | 4 | 4 | Yes |
| Mrs. Rama Rajagopal | 4 | 3 | Yes |
| Mr. Charath Ram Narsimhan [^] | 1 | 1 | No |
| Mr. P.S.Raman | 4 | 1 | No |
| Mr. N.K.Ranganath | 4 | 4 | No |
| Mrs. Nidhi Reddy | 4 | 1 | No |
| Mr. Vidyuth Rajagopal | 4 | 3 | Yes |
| Mr. K Sridhar | 4 | 4 | Yes |

[^] Mr. Charath Ram Narsimhan resigned from the Board from the close of business hours on 07th August 2018

Relationship between directors inter-se:

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

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

None of the Independent Directors holds shares and/or convertible instruments in the Company during the period under review.

Familiarization programme for Independent Directors

The Independent directors are provided with necessary documents, reports, internal policies, documents and brochures enabling them to familiarize with the Company's systems, procedures and practices. During every meeting of the Board and committees, periodical presentations are made on the business updates, strategies, performances and related risks involved. The details of such familiarization programmes for the Independent Directors are posted on the website of the Company www.celebritygroup.com.

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

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

Resignation of Director(s):

Mr. Charath Ram Narsimhan resigned from the Board of the Company from the close of Business hours on 07th August 2018

Access to information and updation to Directors

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

Brief description of terms of reference

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

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

Composition of the Committee

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

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31st March, 2019 is detailed below:

| Name of the Member(s) | Designation | Meeting(s) | |
|----------------------------------------|-------------|------------|----------|
| | | Held | Attended |
| Mr. N.K. Ranganath | Chairperson | 4 | 4 |
| Mr. P.S. Raman | Member | 4 | Nil |
| Mrs. Nidhi Reddy | Member | 4 | 1 |
| Mr. K. Sridhar | Member | 4 | 4 |
| Mr. Charath Ram Narsimhan ¹ | Member | 1 | 1 |
| Mr. Vidyuth Rajagopal ² | Member | 2 | 2 |

¹Mr. Charath Ram Narsimhan ceased as a Member on 07th August, 2018.

²Mr. Vidyuth Rajagopal was appointed a Member of the Audit Committee w.e.f 08th August 2018

The Committee met 4 (four) times during the financial year 2018-19 on 28th May, 2018, 08th August, 2018, 13th November, 2018 and 12th February, 2019.

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

The Chairman of the Audit Committee was not present at the Company's Annual General Meeting held on 25th September, 2018 due to other professional exigencies. Mr. K. Sridhar, member of Audit Committee was present to answer the shareholders' queries.

NOMINATION AND REMUNERATION COMMITTEE

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

Composition of the Nomination & Remuneration Committee:

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

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

Brief description of terms of reference:

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

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

Meetings and attendance during the year:

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

| Date of Meeting | Mr. K. Sridhar Chairperson | Mr. N.K. Ranganath Member | Mr. P.S. Raman Member | Mrs. Nidhi Reddy Member |
|------------------------------|-------------------------------|---------------------------------|-----------------------------|-------------------------------|
| 08 th August 2018 | Yes | Yes | No | No |

Details of Remuneration paid 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 there of. The Company pays sitting fees of Rs. 2,500/- to all the non-executive independent 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, 2013.

During the financial year 2018-19, the sitting fee paid to Non - Executive Directors were as under:

| Name of the Non executive Independent Director | Sitting Fees (includes the fees paid for Committee Meetings) (in Rs.) |
|------------------------------------------------|-----------------------------------------------------------------------|
| Mr. N.K .Ranganath | 21,500 |
| Mr. P.S.Raman | 5,000 |
| Mrs. Nidhi Reddy | 6,500 |
| Mr. K Sridhar | 20,000 |

There are no other particular pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company. The Company pays remuneration by way of Salary, perquisites and allowances to Mr. Vidyuth Rajagopal, Managing Director. The details of remuneration package of the executive directors are summarized below:

| Name of the Executive Director | Salary (Rs. in Lakhs) | Perquisites | Total (Rs. in Lakhs) |
|--------------------------------|-----------------------|-------------|----------------------|
| Mr. Charath Ram Narsimhan | Nil | Nil | Nil |
| Mr. Vidyuth Rajagopal | 30.00 | - | 30.00 |

Pursuant to the recommendation of the Nomination and Remuneration Committee, the board of directors of the Company at their meeting held on 08th August, 2018 has approved the remuneration payable to Mr. Vidyuth Rajagopal, Managing Director for a period of three years with effect from 08th August, 2018.

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

Performance evaluation criteria for independent directors

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

| Name of the Member(s) | Designation |
|------------------------------------|-------------|
| Mr. N.K. Ranganath | Chairman |
| Mrs. Nidhi Reddy | Member |
| Mr. Vidyuth Rajagopal [#] | Member |

[#] Vidyuth Rajagopal appointed as a member w.e.f. 08th August, 2018

Name and Designation of Compliance Officer:

A. Rishi Kumar
Company Secretary
Celebrity Fashions Limited

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

1. To specifically look into the redressal of Investors' Grievances pertaining to:
 - Transfer of shares and debentures;
 - Non-receipt of declared dividends, interests and redemption proceeds of debentures;
 - Dematerialization of shares and debentures;
 - Replacement of lost, stolen, mutilated share and debenture certificates;
 - Non-receipt of rights, bonus, split share and debenture certificates;
 - Non-receipt of balance sheet.
2. To look into other related issues towards strengthening investors' relations.
3. To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
4. To look into the reasons for any defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors.

Details of Complaints / Queries received and redressed during 1st April, 2018 to 31st March, 2019:

| Sr. No. | Particulars of Complaints / Queries | Received | Redressed | Pending as on 31.3.2019 |
|---------|-----------------------------------------------------------------------------------------------------|------------|------------|-------------------------|
| 1. | Non receipt of Share Certificates - Direct from Shareholders - Received from SEBI | Nil Nil | Nil Nil | Nil Nil |
| 2. | Non receipt of Dividend /Interest Warrants - Direct from Shareholders - Received from SEBI | Nil Nil | Nil Nil | Nil Nil |
| 3. | Confirmation of Demat Credit | Nil | Nil | Nil |
| 4. | Non receipt of Debentures Redemption payment | Nil | Nil | Nil |
| 5. | Non receipt of letter of offer, allotment advice ,share certificates etc. for Rights Issue & others | Nil | Nil | Nil |
| 6. | Others - Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc. | Nil | Nil | Nil |
| | Total | Nil | Nil | Nil |

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

The Committee met 1 (one) time during the financial year 2018-19 on 12th February, 2019.

The constitution of the CSR Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

| Name of the Member(s) | Designation | Meetings | |
|-------------------------|-------------|----------|----------|
| | | Held | Attended |
| Mrs. Rama Rajagopal | Chairperson | 1 | 1 |
| Mr. Venkatesh Rajagopal | Member | 1 | 1 |
| Mr. N.K. Ranganath | Member | 1 | 1 |
| Mr. Vidyuth Rajagopal* | Member | 1 | 1 |

* Mr. Vidyuth Rajagopal appointed as a Member w.e.f 08th August 2018.

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

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and rules made there under;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the implementation of CSR policy of the Company from time to time;
- To carry out any other function as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

RISK MANAGEMENT COMMITTEE

The Company has constituted a Risk Management Committee and the Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company. The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan. There was no meeting held by the committee during the year.

MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on 12th February 2019, inter alia to discuss:

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

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

SUBSIDIARY COMPANIES

The Company has no subsidiary Companies.

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings (AGMs) and the summary of Special Resolutions passed therein are as under:

| Year(s) | Meeting Date | Time | Venue | No. of Special resolution(s) passed |
|---------|----------------------------------|-----------|----------------------------------------------------------------------------------------------------|-------------------------------------|
| 2017-18 | 25 th September, 2018 | 02.30 P.M | Registered Office, SDF – IV & C2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045. | 5 |
| 2016-17 | 25 th September, 2017 | 02.30 P.M | Registered Office, SDF – IV & C2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045. | Nil |
| 2015-16 | 30 th September, 2016 | 3.00 P.M | Registered Office, SDF – IV & C2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045. | 1 |

There was no extra ordinary general meeting held during the last three years.

The Company has not passed any ordinary/special resolution during previous year ended 31st March, 2019 through postal ballot.

There is no immediate proposal for passing any special resolution through postal ballot on or before the ensuing Annual General Meeting.

MEANS OF COMMUNICATION

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

a) Quarterly Results:

The Company's quarterly financial results are announced within 45 days of the close of the quarter and the audited annual financial results are announced within 60 days from the close of the financial year as per the requirements of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges. The aforesaid financial results are intimated to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after the approval of the Board of directors and are simultaneously displayed on our website www.celebritygroup.com

b) Newspaper wherein results are published :

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

c) Website

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

d) Stock Exchange

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

e) Presentations

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting and Date of Book Closure

This Corporate Governance Report was taken on record by the Board in their meeting held on 20th May 2019. 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.

Financial Year

1st April to 31st March

Dividend Payment Date

Not Applicable

Listing on Stock Exchanges:

The Company's shares are listed and traded on the following Stock Exchanges:

| Name of Stock Exchange(s) | Stock Code(s) |
|----------------------------------------------------|---------------|
| BSE Limited (BSE) | 532695 |
| The National Stock Exchange of India Limited (NSE) | CELEBRITY |

The Company has paid the annual listing fees to BSE Limited and National Stock Exchange of India Limited and the custodian charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year ended 31st March, 2019 within due date.

Tentative Calendar for financial year ending 31st March, 2020

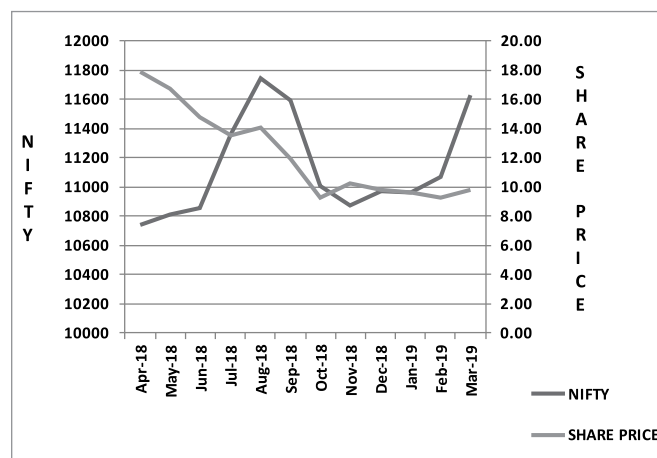
The tentative month of meeting of Board of Directors for consideration of quarterly/ Half yearly/Annually financial results for the financial year ending 31st March, 2020 are as follows:

| | |
|----------------------------------------|----------------|
| First Quarter Results | August, 2019 |
| Second Quarter and Half yearly Results | November, 2019 |
| Third Quarter Results | February, 2020 |
| Fourth Quarter and Annual Results | May, 2020 |

Stock performance in comparison to broad-based indices:

The Chart below shows the comparison of the Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the financial year ended 31st March, 2019 (based on month end closing):

1. NSE Nifty



2. BSE Sensex



Market Price Data

The monthly high and low prices of the Company's shares at BSE and NSE for the financial year ended 31st March 2019 are as follows:

(Share price in Rs.)

| Month(s) | BSE | | | NSE | | |
|----------|-------|-------|--------|-------|-------|---------|
| | High | Low | Volume | High | Low | Volume |
| Apr-18 | 19.15 | 14.40 | 341631 | 19.20 | 14.35 | 1948052 |
| May-18 | 17.05 | 11.90 | 632639 | 17.00 | 11.70 | 2337519 |
| Jun-18 | 15.30 | 11.95 | 292958 | 15.50 | 11.95 | 1243305 |
| Jul-18 | 13.64 | 11.25 | 120088 | 14.00 | 11.15 | 552971 |
| Aug-18 | 14.50 | 11.10 | 167611 | 15.80 | 10.90 | 1018146 |
| Sep-18 | 12.10 | 8.01 | 156786 | 12.40 | 7.95 | 820625 |
| Oct-18 | 9.55 | 8.01 | 91329 | 10.45 | 7.85 | 409813 |
| Nov-18 | 10.61 | 8.51 | 83341 | 10.60 | 8.80 | 415518 |
| Dec-18 | 10.50 | 8.55 | 95153 | 10.60 | 8.50 | 639644 |
| Jan-19 | 9.74 | 8.61 | 112779 | 9.95 | 9.00 | 286885 |
| Feb-19 | 10.80 | 7.63 | 54320 | 9.50 | 7.60 | 364295 |
| Mar-19 | 10.15 | 7.67 | 89400 | 9.95 | 7.75 | 590064 |

Source: BSE and NSE Website

Registrar and Share Transfer Agents

Link Intime India Private Limited

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

Vikhroli (West),

Mumbai 400 083

Tel: + 91 22 4918 6000

Fax: + 91 22 4918 6060

Website: www.linkintime.co.in

Share Transfer System

The transfer of shares in physical form is processed and completed by Registrar & Transfer Agent within a period of seven days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

As per the requirement of Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the half yearly certificates from the Company Secretary in practice for due compliance of share transfer formalities.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

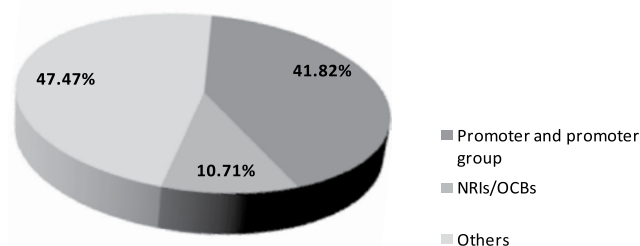
Distribution of Shareholding:

Distribution of Shareholding as on 31st March 2019 is as follows:

| Range | No. of shareholders | % to total holders | No. of Shares | Amount (Rs.) | % to Capital |
|--------------------|---------------------|--------------------|-----------------|------------------|---------------|
| 1-500 | 10337 | 77.75 | 1251992 | 12519920 | 2.62 |
| 501-1000 | 1181 | 8.88 | 1014973 | 10149730 | 2.12 |
| 1001-2000 | 712 | 5.36 | 1147927 | 11479270 | 2.40 |
| 2001-3000 | 283 | 2.13 | 737238 | 7372380 | 1.54 |
| 3001-4000 | 128 | 0.96 | 466002 | 4660020 | 0.98 |
| 4001-5000 | 151 | 1.14 | 727492 | 7274920 | 1.52 |
| 5001-10000 | 258 | 1.94 | 1992754 | 19927540 | 4.17 |
| Greater than 10001 | 246 | 1.85 | 40429627 | 404296270 | 84.64 |
| Grand Total | 13296 | 100.00 | 47768005 | 477680050 | 100.00 |

Shareholding Pattern as on 31st March 2019

| Category of Shareholder(s) | Total No. of Shares | % of Total No. of Shares |
|------------------------------------|---------------------|--------------------------|
| Promoter and promoter group | | |
| Promoter and promoter group | 19976325 | 41.82 |
| Sub Total | 19976325 | 41.82 |
| NRIs/OCBs | | |
| Non Resident Indians | 550727 | 1.15 |
| Foreign Portfolio Investor | 4565000 | 9.56 |
| Sub Total | 5115727 | 10.71 |
| Others | | |
| Clearing Members | 113789 | 0.24 |
| Private Corporate Bodies | 2831158 | 5.93 |
| Public | 18885826 | 39.54 |
| Others | 845180 | 1.77 |
| Sub Total | 22675953 | 47.47 |
| Total | 47768005 | 100.00 |

Category-wise Shareholding:


Dematerialization of Shares & liquidity

99.99% of the equity shares have been dematerialized as on March 31, 2019. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shares are available for dematerialisation under **ISIN – INE185H01016**

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

Dematerialization of Shares – Process

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail the benefits of dealing in shares in demat form. For convenience of shareholders, the process of getting the shares dematerialized is given hereunder:

- a) Demat account should be opened with a Depository Participant (DP).
- b) Shareholders should submit the Dematerialization Request Form (DRF) along with share certificates in original, to their DP.
- c) DP will process the DRF and will generate a Dematerialization Request Number (DRN).
- d) DP will submit the DRF and original share certificates to the Registrar and Transfer Agents (RTA), which is Link Intime India Private Limited.
- e) RTA will process the DRF and confirm or reject the request to DP/ depositories.
- f) Upon confirmation of request, the shareholder will get credit of the equivalent number of shares in his demat account maintained with the DP.

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

The Company does not have any outstanding ADRs/ GDRs/ Warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities:

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

Plant Locations:

- 1) Plot C2, Phase II, MEPZ-SEZ, Tambaram, Chennai – 600045.
- 2) No: 208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai 600100.
- 3) No.70/2 & 3A, Selaiyur Agaram, Thiruvanchery, Chennai – 600 073.
- 4) BSR Avenue, Thirumudivakkam High Road, Thirumudivakkam, Chennai – 600 044.

Address for Correspondence:

Celebrity Fashions Limited
 CIN : L17121TN1988PLC015655
 Registered & Corporate Office
 SDF - IV & C2, 3rd Main Road,
 MEPZ - SEZ, Tambaram,
 Chennai 600 045.
 Tel : + 91 44 4343 2200 / 4343 2189
 Email : investorservices@celebritygroup.com
 Website: www.celebritygroup.com

Credit ratings

The details of Credit rating obtained by the Company as on 31st March 2019 is as follows:

| Credit Rating Agency | Loan Facilities | Rating |
|----------------------|-----------------|------------------|
| CRISIL Limited | Long term | CRISIL B-/STABLE |
| | Short term | CRISIL A4 |

OTHER DISCLOSURES:

Materially significant related party transaction that may potentially conflict with the Company's interest

During FY 2018-19, the Company had not entered into any transaction of a material nature with any of the related parties which may have potential conflict with the interest of the Company. The transactions of purchase/sale of finished goods, raw materials and job work with related parties have been made in the ordinary course of business and at arm's length.

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

The Register of Contracts containing transactions, in which Directors are interested, is placed before the board regularly.

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, 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.

Vigil Mechanism/ Whistle Blower Policy:

The company has an established mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may make protected disclosures concerning financial or accounting matters, in writing to the Chairman of the Audit Committee of the Company, as soon as possible but not later than thirty consecutive days after becoming aware of the same. The Chairman of the Audit Committee of the Company shall finalise and submit the report to the Audit Committee for further action.

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 2019. The annual report contains a declaration to this effect signed by the Managing Director and the Company Secretary as Compliance Officer.

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

In accordance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code of Conduct to Regulate, Monitor and Report Trading by Insiders ("Insider Trading Code). The said Insider Trading Code applies to Directors, Senior Management Personnel, persons forming part of the Promoter(s) & Promoter(s) Group and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company ("designated persons"). Such designated persons are expected to be in compliance with the Insider Trading Code at all times.

CEO / CFO Certification

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2018-19 signed by Mr. Vidyuth Rajagopal, Managing Director and Mr. S Venkataraghavan, Chief Financial Officer was placed before the Board of Directors of the Company at their meeting held on 20th May, 2019.

Non-mandatory requirements under Listing Regulations

The Company has fulfilled the following non-mandatory requirements under the Listing Regulations:

- It is in the regime of financial statements with unmodified audit opinion.
- It complies with the requirement of having separate persons to the post of Chairman and Managing Director.
- The Internal Auditor reports directly to the Audit Committee.

The Company has no subsidiary. Hence the requirement of Policy for determining 'material' subsidiaries does not arise. The Policy on dealing with related party transactions is available in www.celebritygroup.com.

The Company is in compliance with the mandatory requirements of the Code of Corporate Governance as specified in regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations. The Company is also in compliance with Secretarial Standards on Meetings of the Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.

Details of utilization of funds raised through preferential allotment :

The entire issue proceeds were utilized for Augmenting Long Term Capital and for general corporate purpose.

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

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

Disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Disclosures with respect to Demat suspense account/ unclaimed suspense account:

| Particulars | No. of Shareholders | No. of Equity Shares |
|-----------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2018 | NIL | NIL |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | NIL | NIL |

| Particulars | No. of Shareholders | No. of Equity Shares |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| Number of shareholders to whom shares were transferred from the suspense account during the year | NIL | NIL |
| Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 31 st March 2019 | NIL | NIL |

Declaration on Compliance of the Company's Code of Conduct

The Company has a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company in terms of Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to further strengthen corporate governance practices of the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2019.

For Celebrity Fashions Limited

Date: 20th May, 2019
Place: Chennai

Vidyuth Rajagopal
Managing Director
(DIN:07578471)

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

To

The Members

Celebrity Fashions Limited

We have examined the compliance of conditions of Corporate Governance by Celebrity Fashions Limited ("the Company") for the year ended 31st March, 2019, as stipulated under Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

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

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

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

For **BP & Associates**
Practicing Company Secretaries

Date : 20th May 2019
Place: Chennai

K.J .CHANDRA MOULI
Partner
Membership No:25315

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Celebrity Fashions Limited having CIN L17121TN1988PLC015655 and having registered office at SDF – IV & C2, Third Main Road, MEPZ – SEZ, Tambaram, Chennai – 600045, Tamil Nadu, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment |
|---------|-----------------------------|----------|---------------------|
| 1 | Rama Rajagopal | 00003565 | 04/01/1994 |
| 2 | Pattabi Sundar Raman | 00003606 | 10/01/2013 |
| 3 | Venkatesh Rajagopal | 00003625 | 28/04/1988 |
| 4 | Ranganath Nugehalli Krishna | 00004044 | 06/09/2005 |
| 5 | Nidhi Reddy | 00004081 | 06/09/2005 |
| 6 | Krishnamurthy Sridhar | 02916536 | 01/08/2016 |
| 7 | Vidyuth Rajagopal | 07578471 | 01/08/2016 |

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

For **BP & Associates**
Company Secretaries

sd/-

K.J .CHANDRA MOULI
Partner
M.NO: 25315
CP NO: 15708

Date : 20th May 2019
Place: Chennai

INDEPENDENT AUDITOR'S REPORT

To the Members of **CELEBRITY FASHIONS LIMITED**

Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying standalone Ind AS financial statements of **CELEBRITY FASHIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019 the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, and changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note No. 36 of the Ind AS financial statements which disclose that as at the date of the Balance Sheet the Company has significant accumulated losses. As stated in Note 1.3, these events or conditions, along with other matters as set forth in Note 36, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. 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. The Ind AS financial statements of Company have been prepared on a going concern basis for the reasons stated in the said Note. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

a) Revenue recognition (Ind AS 115)

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

Audit procedure involved review of the company's Ind AS 115 implementation process and key judgments made by management, evaluation of customer contracts in light of Ind AS 115 on sample basis and comparison of the same with management's evaluation and assessment of design and operating effectiveness of internal controls relating to revenue recognition.

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

Furthermore, the appropriateness of the disclosures made in note 1.5 to the financial statements was assessed.

b) Existence and impairment of Trade Receivables

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

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

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

Furthermore we assessed the appropriateness of the disclosures made in note 1.17 to the financial statements.

c) Assessment of Provisions for taxation, litigations and claims: As at March 31, 2019 Celebrity Fashions Limited had a provision in respect of possible or actual taxation disputes, litigation and claims to the tune of Rs 29,03,868/-. These provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various forums

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

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

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

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

Assessing the reliability of the past estimates of the management.

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

Furthermore, the appropriateness of the disclosures made in note 41 to the financial statements was assessed

d) Recognition and measurement of deferred taxes

The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the Income Tax Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS.

This involves significant calculations requiring detailed knowledge of applicable tax laws.

The key matter was addressed by performing audit procedures which involved assessment of underlying process and evaluation of internal financial controls with respect to measurement of deferred tax and re-performance of calculations and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards on sample basis.

The audit procedures performed did not lead to identification of any material misstatement with respect to recognition and measurement of deferred taxes.

Furthermore, the appropriateness of the disclosures made in note 1.8.2 to the financial statements was assessed.

e) Accuracy on valuation of Inventory

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

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

Information Other than the Ind AS Financial Statements and Auditors' Report Thereon

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

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with the rule 3 of the companies (Indian Accounting Standards) Rules, 2015 and companies (Indian Accounting Standards Amendment Rules, 2016). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in the equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Managing Director during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SRSV & Associates
Chartered Accountants
F.R No.0150415

V. Rajeswaran
Partner

Date : 20th May 2019
Place: Chennai

Membership No. 020881

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Celebrity Fashions Limited of even date)

- i. In respect of its Fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company.
- ii. In our opinion, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification.
- iii. In our opinion and according to the information and explanations given to us the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. (Based on the above para, matters referred in clause iii(a), iii(b) and iii(c) of paragraph 3 of Companies (Auditors Report) Order 2016 are not applicable).
- iv. In our opinion and according to the explanations given to us there are no loans, investments, guarantees and securities provided by the Company as specified under Sections 185 and 186 of the Companies Act, 2013. Therefore, the provisions of the paragraph 3(iv) of the order are not applicable to the company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. To the best of our knowledge and as explained to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the products/services manufactured/rendered by the Company.
- vii. Undisputed and disputed taxes and duties
- According to the records of the Company and information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, Goods and service tax, cess and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues outstanding for more than six months.
 - As at March 31, 2019 according to the records of the Company, the following are the particulars of the disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of dispute:

| Name of the Statute | Nature of Dues | Assessment Year to which the amount relates | Forum where the dispute is pending | Amount (in Rs) |
|----------------------|--------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|------------------|
| Income Tax Act, 1961 | Income Tax | 2003-04 | Pending before the Assessing Officer | 526,669* |
| Income Tax Act, 1961 | Income Tax | 2004-05 | Pending before the Assessing Officer | 961,087* |
| Income Tax Act, 1961 | Fringe Benefit Tax | 2007-08 | Pending for rectification before the Assessing Officer | 699,860 |
| Income Tax Act, 1961 | Fringe Benefit Tax | 2008-09 | Pending for rectification before the Assessing Officer | 601,600 |
| Income Tax Act, 1961 | Income Tax | 2011-12 | Pending for rectification before the Assessing Officer and appeal before the Commissioner of Income Tax Appeals, Chennai | 114,652 |
| Total | | | | 2,903,868 |

* Relating to Income Tax dues of Partnership Firm Celebrity Connections

- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or debenture holders.
- ix. To the best of our knowledge and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the Company has utilized the monies raised by way of term loans for the purpose for which they were raised.
- x. In our opinion and according to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the financial period.
- xi. In our opinion and according to the information and explanations given to us, managerial remuneration has been provided in accordance with the requisite approvals mandated by Section 197 read with Schedule V of the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, clause xii of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
- xiii. In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, except allotment of equity shares on conversion of convertible warrants as stated in note no. 13 in respect of which requirement of Section 42 of the Act have been complied with and the amount raised has been used for the purpose for which the funds were raised.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non - cash transactions with directors or persons connected with the Directors. Accordingly, clause xv of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause xvi of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.

For SRSV & Associates
Chartered Accountants
F.R.No.0150415

V. Rajeswaran

Partner

Membership No. 020881

Date : 20th May 2019
Place: Chennai

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Celebrity Fashions Limited of even date)

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

We have audited the internal financial controls over financial reporting of **CELEBRITY FASHIONS LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

V. Rajeswaran
Partner

Date : 20th May 2019
Place: Chennai

Membership No. 020881

Balance Sheet as at 31st March 2019

₹. In Crores

| Particulars | Note No. | As at 31-Mar-19 | As at 31-Mar-18 |
|----------------------------------------------------------|----------|-----------------|-----------------|
| I ASSETS | | | |
| 1 Non-Current Assets | | | |
| (a) Property, Plant & Equipments | 2 | 28.56 | 33.00 |
| (b) Other Intangible assets | 3 | 0.09 | - |
| (c) Investment property | 4 | 1.39 | 1.47 |
| | | 30.04 | 34.47 |
| (d) Financial assets | | | |
| (i) Loans | 5 | 3.24 | 3.23 |
| (e) Income Tax Assets | 6 | 3.06 | 2.91 |
| Total Non-Current Assets | | 36.34 | 40.61 |
| 2 Current Assets | | | |
| (a) Inventories | 7 | 49.81 | 40.43 |
| (b) Financial assets | | | |
| (i) Trade receivables | 8 | 34.08 | 36.11 |
| (ii) Cash and Cash equivalents | 9 | 2.09 | 0.62 |
| (iii) Bank balances other than Cash and Cash equivalents | 10 | 1.70 | 1.61 |
| (iv) Loans | 5 | 0.18 | 0.13 |
| (v) Other Financial assets | 11 | 0.81 | 1.58 |
| (c) Other current assets | 12 | 8.85 | 6.65 |
| Total Current Assets | | 97.52 | 87.13 |
| Total Assets | | 133.86 | 127.74 |
| II EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Share Capital | 13 | 47.77 | 45.58 |
| Other Equity | | | |
| (a) Reserves and Surplus | 14 | (54.02) | (56.65) |
| (b) Money received against Warrants | 15 | - | 0.63 |
| Total Equity | | (6.25) | (10.44) |
| 2 Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 42.69 | 45.41 |
| (b) Deferred tax liabilities (Net) | 17 | - | - |
| (c) Other non current liabilities | 18 | 0.03 | 0.03 |
| Total Non-Current Liabilities | | 42.72 | 45.44 |

| Particulars | Note No. | As at 31-Mar-19 | As at 31-Mar-18 |
|--------------------------------------------|----------|-----------------|-----------------|
| Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 45.80 | 49.83 |
| (ii) Trade Payables | | | |
| Due to Micro, Small and Medium Enterprises | 20 | 0.07 | 0.23 |
| Due to Others | 20 | 20.57 | 25.57 |
| (iii) Other Financial Liabilities | 21 | 24.64 | 11.94 |
| (b) Other current liabilities | 22 | 1.15 | 1.16 |
| (c) Short-term provisions | 23 | 5.16 | 4.01 |
| Total Current Liabilities | | 97.39 | 92.74 |
| Total Liabilities | | 140.11 | 138.18 |
| Total Equity and Liabilities | | 133.86 | 127.74 |

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

To be read with our report of even date

For and on Behalf of the Board

SRSV & Associates
Chartered Accountants
ICAI Firm Registration No. 015041S

V. Rajagopal
Chairman
DIN: 00003625

Vidyuth Rajagopal
Managing Director
DIN 07578471

V. Rajeswaran
Partner
Membership Number 020881

A. Rishi Kumar
Company Secretary

S Venkataraghavan
Chief Financial Officer

Chennai
20 May 2019

Statement of Profit and Loss for the year ended 31st March 2019

₹ In Crores (except per share data)

| Particulars | Note No. | For the Year Ended 31-Mar-19 | For the Year Ended 31-Mar-18 |
|-----------------------------------------------------------------------------|----------|------------------------------|------------------------------|
| I Revenue from Operations | 24 | 231.39 | 203.54 |
| II Other Income | 25 | (1.24) | 2.65 |
| III Total Revenues | | 230.15 | 206.19 |
| IV Expenses | | | |
| a Cost of Materials | 26 | 124.69 | 109.02 |
| b Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec | 27 | (2.92) | (0.29) |
| c Excise Duty Expenses | | - | - |
| d Employee Benefit Expenses | 28 | 54.95 | 54.16 |
| e Other Expenses | 29 | 37.07 | 30.50 |
| Total Expenses | | 213.79 | 193.39 |
| V Earnings before Interest, Depreciation and Tax (III - IV) | | 16.36 | 12.80 |
| f Finance Costs | 30 | 7.27 | 6.79 |
| g Depreciation | | 5.85 | 6.89 |
| | | 13.12 | 13.68 |
| VI Profit / (Loss) before Tax and Exceptional Items | | 3.24 | (0.88) |
| VII Exceptional Item - Expense / (Income) | | - | - |
| VIII Profit / (Loss) before Tax after Exceptional Items | | 3.24 | (0.88) |
| IX Tax Expenses | | | |
| a Current Tax Expense | | - | - |
| b Deferred Tax | | - | - |
| Profit/ (Loss) after tax | | 3.24 | (0.88) |
| X Other comprehensive income | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurement of post employment benefit obligations | 31 | (0.93) | (0.42) |
| Income tax relating to these items | | | |
| Other Comprehensive Income (net of tax expense) | | (0.93) | (0.42) |
| XI Total Comprehensive Income for the year | | 2.31 | (1.30) |
| XII Earnings Per Share - In Rs. before Extra-Ordinary Item | 40 | | |
| Basic | | 0.69 | (0.21) |
| Diluted | | 0.69 | (0.21) |
| XIII Earnings Per Share - In Rs. after Extra-Ordinary Item | 40 | | |
| Basic | | 0.69 | (0.21) |
| Diluted | | 0.69 | (0.21) |

Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

To be read with our report of even date

SRSV & Associates

 Chartered Accountants
 ICAI Firm Registration No. 015041S

V. Rajeswaran

 Partner
 Membership Number 020881

 Chennai
 20 May 2019

For and on Behalf of the Board

V. Rajagopal
 Chairman
 DIN: 00003625

Vidyuth Rajagopal
 Managing Director
 DIN 07578471

A. Rishi Kumar
 Company Secretary

S Venkataraghavan
 Chief Financial Officer

Statement of Cashflow for the year ending 31st March 2019

₹ In Crores

| S No. | Particulars | Year ended 31-Mar-19 | | Year ended 31-Mar-18 | |
|----------|--------------------------------------------------------|----------------------|----------------|----------------------|---------------|
| A | Cashflow from Operating Activities | | | | |
| | Net Profit before Tax | | 3.24 | | (0.88) |
| | Adjustments for: | | | | |
| | Depreciation for the Year | 5.85 | | 6.89 | |
| | Profit on sale of Land & Buildings | - | | - | |
| | Unrealised (Gain) / Loss on Exchange Differences | - | | - | |
| | Interest & Finance Charges paid | 7.27 | | 6.79 | |
| | Government Grant | (0.07) | | (0.03) | |
| | Interest Income | (0.12) | 12.93 | (0.08) | 13.57 |
| | Operating Profit before Working Capital Changes | | 16.17 | | 12.69 |
| | Adjustments for: | | | | |
| | Decrease / (Increase) in debtors and other receivables | 0.53 | | (12.82) | |
| | Decrease / (Increase) in inventories | (9.38) | | (2.00) | |
| | Increase / (Decrease) in creditors and other payables | 7.44 | (1.41) | 2.61 | (12.21) |
| | Cash generated from Operations | | 14.76 | | 0.48 |
| | Income Taxes Refund / (Paid) (net) | | (0.15) | | 0.01 |
| | Net Cash from Operating Activities | | 14.61 | | 0.49 |
| B | Cashflow from Investing Activities | | | | |
| | (Purchase) / Sale of Fixed Assets - Net | (1.35) | | (1.13) | |
| | Increase in Restricted Cash Balances | 1.40 | | (0.05) | |
| | Increase in Fixed Deposits | (1.48) | | (0.03) | |
| | Interest Received | 0.12 | (1.31) | 0.08 | (1.13) |
| | Net Cash (Used In) / from Investing Activities | | (1.31) | | (1.13) |
| C | Cashflow from Financing Activities | | | | |
| | Proceeds from issue of Share Capital | 2.50 | | 4.00 | |
| | Application Money Received | (0.63) | | (1.00) | |
| | Short Term Borrowings | (4.03) | | 7.65 | |
| | Term loan Receipts (Net) | (2.65) | | (3.21) | |
| | Interest and Finance Charges paid | (7.02) | | (6.54) | |
| | Net Cash (Used In) / from Financing Activities | | (11.83) | | 0.90 |
| | Net Increase in Cash and Cash Equivalents | | 1.47 | | 0.26 |
| | Cash and Cash Equivalents (Opening Balance) | | 0.62 | | 0.36 |
| | Cash and Cash Equivalents (Closing Balance) | | 2.09 | | 0.62 |

The accompanying notes are an integral part of the financial statements

Note:

- The above statement has been prepared on the basis of indirect method as stipulated in Ind AS 7
- Cash and Cash equivalents represents
-- Cash balances

To be read with our report of even date

For and on Behalf of the Board

SRSV & Associates

Chartered Accountants
ICAI Firm Registration No. 015041S

V. Rajeswaran

Partner
Membership Number 020881

Chennai
20 May 2019

V. Rajagopal
Chairman
DIN: 00003625

Vidyuth Rajagopal
Managing Director
DIN 07578471

A. Rishi Kumar
Company Secretary

S Venkataraghavan
Chief Financial Officer

Statement of Changes in Equity

₹ in Crores

i. Equity Share Capital

| Particulars | Note | No.of shares | Amount |
|-------------------------------------------------|------|--------------------|--------------|
| Balance as at 1st April 2017 | 13 | 4,20,71,249 | 42.07 |
| Changes in equity share capital during the year | | 35,05,696 | 3.51 |
| Balance as at 31st March 2018 | | 4,55,76,945 | 45.58 |
| Changes in equity share capital during the year | | 21,91,060 | 2.19 |
| Balance as at 31st March 2019 | | 4,77,68,005 | 47.77 |

ii. Other Equity

| Particulars | Note | Reserves and Surplus | | Total | Others Money Received Against |
|---------------------------------------|------|-----------------------------|----------------------|----------------|----------------------------------------|
| | | Security Premium Reserve | Retained Earnings | | |
| Balance as at 31 st March 2017 | 14 | 2.48 | (58.32) | (55.84) | 1.63 |
| Profit for the period | | - | (0.88) | (0.88) | - |
| Other comprehensive income | | - | (0.42) | (0.42) | - |
| Issue of Shares | | 0.49 | - | 0.49 | - |
| Conversion of Warrants | | - | - | - | 1.00 |
| Dividends paid | | - | - | - | - |
| Dividend distribution tax | | - | - | - | - |
| Transfer to general reserve | | - | - | - | - |
| Balance as at 31 st March 2018 | | 2.98 | (59.62) | (56.65) | (1.00) |
| Balance as at 1st April 2018 | 14 | 2.98 | (59.62) | (56.65) | - |
| Profit for the period | | - | 3.24 | 3.24 | - |
| Other comprehensive income | | - | (0.93) | (0.93) | - |
| Issue of Shares | | 0.31 | - | 0.31 | - |
| Conversion of Warrants | | - | - | - | - |
| Dividends paid | | - | - | - | - |
| Dividend distribution tax | | - | - | - | - |
| Transfer to general reserve | | - | - | - | - |
| Balance as at 31 st March 2019 | | 3.28 | (57.31) | (54.03) | 0.00 |

The accompanying notes are an integral part of the financial statement

SRSV & Associates

 Chartered Accountants
 ICAI Firm Registration No. 015041S

V. Rajeswaran

 Partner
 Membership Number 020881

 Chennai
 20 May 2019

For and on Behalf of the Board

V. Rajagopal
 Chairman
 DIN: 00003625

Vidyuth Rajagopal
 Managing Director
 DIN 07578471

A. Rishi Kumar
 Company Secretary

S Venkataraghavan
 Chief Financial Officer

Notes on Financial Statements for the year ended 31st March, 2019
1 Significant Accounting Policies
Company Overview

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

1.1 Statement of Compliance

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

1.2 Basis of Preparation of Financial Statements

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

The principal accounting policies are set out below:

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

1.3 Going Concern

The board of directors have considered the financial position of the Company at 31 March 2019 and projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

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

1.4 Use of Estimates and Judgements

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

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

1.5 Revenue Recognition

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

1.5.1 Sale of Goods

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

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

1.5.2 Income from service

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

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

1.6 Foreign Currencies
1.6.1 Functional and presentation currency

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

1.6.2 Transaction balances

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

1.7 Employee Benefits
1.7.1 Short term obligations

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

1.7.2 Other Long term employee benefit

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

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

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

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

1.7.3 Post employment obligation

The Company operates the following post-employment schemes:

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

Defined Contribution plan:

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

Defined benefit plan:

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

1.7.4 Bonus Plans

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

1.8 Taxation

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

1.8.1 Current Tax

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

1.8.2 Deferred Tax

Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future. In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain as the case may be, that future taxable income will be available against which such deferred tax assets can be realized.

1.8.3 Current and deferred tax for the year

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

1.9 Property, Plant and Equipment

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

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

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

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

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

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged.

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

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

| Category of Assets | Useful life under Companies Act, 2013 | Useful life estimated by the Management |
|--------------------------|---------------------------------------|-----------------------------------------|
| Buildings - Factory | 30 | 30 |
| Buildings - Office | 60 | 60 |
| Plant & Machinery* | 15 | 18 |
| Electrical Installation* | 10 | 14 |
| Office Equipments | 5 | 5 |
| Computers | 3 | 3 |
| Vehicles | 8 | 8 |
| Furniture & Fixtures | 10 | 10 |

Additional depreciation is being provided to the extent required during the year of sale of assets. Assets, for which the estimated useful life is completed, have been removed from gross block and accumulated depreciation.

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

1.10 Intangible Assets

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

Amortization of Intangible Assets

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

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

1.11 Investment property

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

1.12 Impairment of tangible and intangible assets

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

1.13 Inventories

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

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

1.14 Provisions and contingencies

Provisions

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

Contingent liabilities

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

1.15 Financial instruments

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

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

1.16 Financial Assets

1.16.1 Classification of financial assets

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

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

-those measured at amortised cost

Debt instruments

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

Amortised Cost

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

Fair value through other comprehensive income (FVOCI):

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

Fair value through profit or loss:

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

Equity instruments

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

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

1.17 Trade Receivables

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

1.18 Cash and Cash equivalents

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

1.19 Impairment of Financial assets

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

-Financial assets measured at amortized cost

-Financial assets measured at fair value through other comprehensive income

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

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

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

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

1.20 Income Recognition

Interest Income

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

1.21 Financial liabilities

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

1.21.1 Trade and other payables

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

1.21.2 Borrowing

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.21.3 Foreign exchange gains or losses

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

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

1.22 Segment reporting

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

1.23 Leases

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

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

1.24 Borrowing costs

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

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

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

1.25 Government grants

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

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

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

1.26 Earning Per Share

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

1.27 Exceptional Items

Exceptional Items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of Company's financial performance. Items which may be considered exceptional are diminution in value of investments in equity shares of subsidiaries, Impairment Loss, etc.

1.28 New standards and amendments

Amendments to Ind AS 40 Investment property - Transfers of investment property

- The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property.
- The company doesn't have any investment property accordingly there is no impact.

Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses

- The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base.
- The company doesn't have any significant impact on the adoption of the said amendment.

Notification of Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

- The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.
- The company doesn't have any significant impact on the adoption of the said amendment.

Ind AS 115, Revenue from contracts with customers

It deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices. The new standard is mandatory for financial years commencing on or after 1 April 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

1.29 New Amendments issued yet not effective:

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (the 'Rules') on March 30, 2019. The rules notify the new lease standard Ind AS 116, Leases and also brings in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2019 and cannot be early adopted.

Ind AS 116, Leases

Ind AS 116 requires the lessee to recognise a 'right-of-use asset' and a 'lease liability' for almost all leasing arrangements. The lessee will no longer be required to classify a lease as operating or financial.

The new standard requires entities to make more judgements and estimates in determining when a customer has the right to direct the use of an identified asset and the incremental rate of borrowing and make more disclosures (e.g., discount rate, weighted average lease term, other qualitative and quantitative information). In the capacity of a lessee, most companies will have a significant impact on their balance sheets along with ancillary impacts on their financial metrics.

The new standard is mandatory for financial years commencing on or after April 1, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact: The Company is in the process of assessing the impact of adoption of Ind AS 116.

Amendments to Ind AS 12, Income Taxes

(i) Appendix C to Ind AS 12, Income Taxes has been inserted. The appendix provides accounting for uncertainty over income tax treatments. The appendix corresponds to IFRIC 23, Uncertainty over Income Tax Treatments issued by the IFRS Interpretations Committee.

(ii) New paragraph 57A has been added to Ind AS 12 to clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Impact: The Company is in the process of assessing the detailed impact above amendment.

Amendment to Ind AS 19, Employee Benefits

Amendment to Ind AS 19, Employee Benefits requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

Amendment to Ind AS 23, Borrowing Costs

Amendment to Ind AS 23, Borrowing Costs clarifies that if a specific borrowing remains outstanding after a qualifying asset is ready for its intended use or sale, it becomes "part of general borrowings."

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

Amendment to Ind AS 109, Financial Instruments

Amendment to Ind AS 109 to enable an entity to measure at amortised cost some prepayable financial assets with negative compensation.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

Notes on Financial Statements for the year ended 31st March 2019

₹ in Crores

2 Property, Plant & Equipment

The reconciliation for changes in the carrying value of property, plant and equipment for the year ended March 31, 2019 are as follows:

| Sl. No. | Asset Description | Deemed Cost / Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---------|---------------------------|---------------------------|-------------|-------------------------|-----------------|--------------------------|-------------------------------------|-------------|-----------------|--------------|--------------|
| | | As at 1-Apr-18 | Additions | Deletions / Adjustments | As at 31-Mar-19 | As at 1-Apr-18 | Depreciation for the year 31-Mar-19 | Deletions | As at 31-Mar-19 | 31-Mar-19 | 31-Mar-18 |
| 1 | Land and Site Development | - | - | - | - | - | - | - | - | - | - |
| 2 | Lease Hold Land | - | - | - | - | - | - | - | - | - | - |
| 3 | Buildings | 12.28 | - | 0.85 | 11.43 | 0.62 | 1.00 | 0.85 | 0.77 | 10.66 | 11.66 |
| 4 | Plant & Machinery | 25.56 | 0.76 | 0.79 | 25.53 | 6.48 | 3.50 | 0.80 | 9.18 | 16.35 | 19.08 |
| 5 | Electrical Installation | 3.44 | - | 0.35 | 3.09 | 1.53 | 1.05 | 0.35 | 2.23 | 0.86 | 1.91 |
| 6 | Office Equipments | 0.19 | 0.40 | - | 0.59 | 0.07 | 0.06 | - | 0.13 | 0.46 | 0.12 |
| 7 | Computers | 0.18 | 0.13 | - | 0.31 | 0.12 | 0.06 | - | 0.18 | 0.13 | 0.06 |
| 8 | Vehicles | 0.11 | - | 0.10 | 0.01 | 0.03 | 0.07 | 0.10 | - | 0.01 | 0.08 |
| 9 | Furniture & Fixtures | 0.24 | 0.02 | - | 0.26 | 0.15 | 0.02 | - | 0.17 | 0.09 | 0.09 |
| | Total | 42.00 | 1.31 | 2.09 | 41.22 | 9.00 | 5.76 | 2.10 | 12.66 | 28.56 | 33.00 |

Refer to notes 1.9 for information on significant accounting policies.

3 Other Intangible assets

The reconciliation for changes in the carrying value of Intangible Asset for the year ended March 31, 2019 are as follows:

| Sl. No. | Asset Description | Deemed Cost / Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---------|-------------------|---------------------------|-------------|-------------------------|-----------------|--------------------------|-------------------------------------|-----------|-----------------|-------------|-----------|
| | | As at 1-Apr-18 | Additions | Deletions / Adjustments | As at 31-Mar-19 | As at 1-Apr-18 | Depreciation for the year 31-Mar-19 | Deletions | As at 31-Mar-19 | 31-Mar-19 | 31-Mar-18 |
| 1 | Computer Software | | | | | | | | | | |
| | - Acquired | 0.05 | 0.10 | - | 0.15 | 0.05 | 0.01 | - | 0.06 | 0.09 | - |
| | Total | 0.05 | 0.10 | - | 0.15 | 0.05 | 0.01 | - | 0.06 | 0.09 | - |

Refer to note 1.10 for information on significant accounting policies.

4 Investment Property

The reconciliation for changes in the carrying value of Investment property for the year ended March 31, 2019 are as follows:

| Sl. No. | Asset Description | Deemed Cost / Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---------|-------------------|---------------------------|-----------|-------------------------|-----------------|--------------------------|-------------------------------------|-----------|-----------------|-------------|-------------|
| | | As at 1-Apr-18 | Additions | Deletions / Adjustments | As at 31-Mar-19 | As at 1-Apr-18 | Depreciation for the year 31-Mar-19 | Deletions | As at 31-Mar-19 | 31-Mar-19 | 31-Mar-18 |
| 1 | Land | 0.47 | - | - | 0.47 | - | - | - | - | 0.47 | 0.47 |
| 2 | Building | 1.14 | - | - | 1.14 | 0.14 | 0.08 | - | 0.22 | 0.92 | 1.00 |
| | Total | 1.61 | - | - | 1.61 | 0.14 | 0.08 | - | 0.22 | 1.39 | 1.47 |

i. Fair Value

| Sl.No. | Particulars | 31-Mar-19 | 31-Mar-18 |
|--------|---------------------|-----------|-----------|
| 1 | Investment Property | 14.48 | 17.75 |

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

ii. Amounts recognised in profit or loss for investment property

| Sl.No. | Particulars | 31-Mar-19 | 31-Mar-18 |
|--------|-----------------------------------------------------------------------------|-------------|-------------|
| | Rental Income | | |
| 1 | Direct operating expenses from property that generated rental income | 0.12 | 1.10 |
| 2 | Direct operating expenses from property that did not generate rental income | - | - |
| | Profit from investment properties before depreciation | 0.12 | 1.10 |
| | Depreciation | 0.08 | 0.07 |
| | Profit from investment properties | 0.04 | 1.03 |

| PARTICULARS | | As at 31st March 2019 | As at 31st March 2018 |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 5 | LOANS | | |
| | Non Current | | |
| | Unsecured and considered good | | |
| a | Security Deposits | 3.24 | 3.23 |
| | Total | 3.24 | 3.23 |
| | Current | | |
| | Unsecured and considered good | | |
| b | Loans and advances to Employees | 0.18 | 0.13 |
| | Total | 0.18 | 0.13 |
| | Breakup of security details | | |
| | Loans considered good - secured | - | - |
| | Loans considered good - unsecured | 3.42 | 3.36 |
| | Loans which have significant increase in credit risk | - | - |
| | Loans-credit impaired | - | - |
| | | 3.42 | 3.36 |
| | Less:Loss allowance | - | - |
| | Total Loans | 3.42 | 3.36 |
| 6 | INCOME TAX ASSETS | | |
| a | Balance due from Revenue Authorities | 3.06 | 2.91 |
| | Total | 3.06 | 2.91 |
| 7 | INVENTORIES | | |
| a | Raw Materials | 22.22 | 15.76 |
| b | Work-in-Progress | 2.00 | 0.98 |
| c | Finished Goods | 25.59 | 23.69 |
| | Total | 49.81 | 40.43 |
| | Write-downs of inventories to net realisable value amounted to ₹0.85crs (31 March 2018 – ₹0.11 crs). These were recognised as an expense during the year and included in ₹changes in value of inventories of work-in-progress, stock-in-trade and finished good | 0.85 | 0.11 |

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 8 TRADE RECEIVABLES | | |
| a Dues from related parties | 12.52 | 2.71 |
| b Unsecured and considered good | 21.56 | 33.40 |
| Total | 34.08 | 36.11 |
| Breakup of security details | | |
| Trade receivables considered good - secured | - | - |
| Trade receivables considered good - unsecured | 34.08 | 36.11 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables-credit impaired | - | - |
| | 34.08 | 36.11 |
| Less:Loss allowance | - | - |
| Total Loans | 34.08 | 36.11 |
| 9 CASH AND BANK BALANCES | | |
| a Cash and cash equivalents | | |
| Balances with Banks | | |
| In Current Account | 2.00 | 0.31 |
| Cash on hand | 0.09 | 0.31 |
| Total | 2.09 | 0.62 |
| Balance in Current Account includes ₹1.88 crores available in SBI-Share Application account | | |
| 10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS | | |
| a Fixed Deposits with Banks | 1.70 | 1.61 |
| Total | 1.70 | 1.61 |
| Fixed deposits with banks include deposits of ₹1.70 crs with a maturity of more than 3 months, but less than 12 months (Previous Year ₹1.61 crs) | | |
| Fixed deposits with banks comprises of restricted bank balances of ₹1.49 crs (Previous year ₹1.42 crs) The restrictions are primarily on account of fixed deposits held as margin money against borrowings / bank guarantees. | | |
| 11 OTHER FINANCIAL ASSETS | | |
| a Amount Receivable on Mark to Market on Forward Contracts | 0.44 | 0.02 |
| b Rent Receivable | 0.36 | 1.55 |
| c Interest accrued on Fixed Deposits | 0.01 | 0.01 |
| Total | 0.81 | 1.58 |

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 12 OTHER CURRENT ASSETS | | |
| Unsecured and considered good | | |
| a Advances to suppliers of goods and services | 1.47 | 1.15 |
| b Prepaid Expenses | 0.53 | 0.53 |
| c Export Benefit Receivable | | |
| Duty Drawback Receivable | 0.08 | 0.20 |
| ROSL Receivable | - | 0.34 |
| d Other Indirect Taxes Receivable | | |
| Service Tax Receivable | 1.09 | 1.14 |
| GST Input Credit (Net) | 5.58 | 3.04 |
| Cenvat Receivable | 0.10 | 0.09 |
| VAT - Input Credit | - | 0.16 |
| Total | 8.85 | 6.65 |
| 13 SHARE CAPITAL | | |
| a Authorized, Issued, Subscribed and Paid-Up Share Capital | | |
| Authorized Share Capital: | | |
| 5,40,00,000 (Previous Year 5,40,00,000) Equity Shares of ₹10/- each | 54.00 | 54.00 |
| Issued Capital | | |
| 4,90,03,765 (Previous year 4,65,03,765) Equity Shares of ₹10/- each | 49.00 | 46.50 |
| Subscribed and Paid up Capital | | |
| 4,77,68,005 (Previous Year 4,55,76,945) Equity Shares of ₹10/- each | 47.77 | 45.58 |
| Total | 47.77 | 45.58 |
| Upon approval of the shareholders vide resolution dated 12th February 2017, the Company has allotted 21,91,060 shares under preferential allotment on 03rd September 2018 to the Promoter Director. | | |
| b Reconciliation of the number of shares | | |
| Number of Equity Shares outstanding at the beginning of the year | 4,55,76,945 | 4,20,71,249 |
| Add: Number of Equity Shares issued during the year | 21,91,060 | 35,05,696 |
| Number of Equity Shares outstanding at the end of the year | 4,77,68,005 | 4,55,76,945 |

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| c Rights, Preferences and Restrictions attached to equity Shares | | |
| Equity Shares having a par value of ₹10/- each with voting rights. Each holder of Equity Shares is entitled to one vote per share. | | |
| In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of Equity Shares held by the shareholders, after distribution of all preferential amounts. | | |
| d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates | NIL | NIL |
| e Details of Equity Shares held by each Shareholder holding more than 5% | | |
| Name of the Shareholder | As at 31st March 2019 No. of Shares % held | As at 31st March 2018 No. of Shares % held |
| Mr. Venkatesh Rajagopal | 10957617 22.9% | 10957617 24% |
| Mrs. Rama Rajagopal | 8985962 18.8% | 6794902 14.9% |
| Mr. Charath Ram Narsimhan | 4531315 9.5% | 4531315 9.9% |
| M/s Lemna Diversified Fund | 2465000 5.2% | 2465000 5.49% |
| g Shares reserved for issuance | | |
| Convertible Warrants on Preferential basis in FY 2018-19 | - | 21,91,060 |
| Convertible Warrants on Preferential basis in FY 2019-20 | - | - |
| | - | 21,91,060 |
| As at 31st March 2019, NIL Warrants (Previous Year 21,91,060) were pending to be converted into Equity Shares of ₹10/- each. | | |
| h Shares allotted for consideration other than cash during the last 5 years | NIL | NIL |
| 14 RESERVES AND SURPLUS | | |
| a Securities Premium Reserve | | |
| Opening Balance | 2.97 | 2.48 |
| Add: | | |
| Premium received on Equity Shares issued during the year | 0.32 | 0.49 |
| Closing Balance | 3.29 | 2.97 |
| b Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening Balance | (59.62) | (58.32) |
| Add: | | |
| Profit / (Loss) for the year | 3.24 | (0.88) |
| Other Comprehensive Income | (0.93) | (0.42) |
| Closing Balance | (57.31) | (59.62) |
| Total | (54.02) | (56.65) |

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-------------------------|---|---|---------------------|---|-----------|---------------------------|---|---|
| Securities Premium: Reserve represent the premium received on issues of securities, the same is available for use as per Companies Act, 2013. | | | | | | | | | | | |
| Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve. | | | | | | | | | | | |
| 15 Application Money received against Share Warrants | | | | | | | | | | | |
| Opening Balance | 0.63 | 1.63 | | | | | | | | | |
| Add: Received during the year | - | - | | | | | | | | | |
| Less: Converted during the year | 0.63 | 1.00 | | | | | | | | | |
| Closing balance | - | 0.63 | | | | | | | | | |
| <p>The shareholders of the Company vide resolution dated 12th February 2017 have approved the issue of Convertible Warrants on Preferential basis to the Promoter Directors / Director of the Company.</p> <p>Accordingly, the Company had issued 5,696,756 (Fifty Six Lakh Ninety Six Thousand Seven Hundred and Fifty Six) Warrants Convertible into Equity Shares, to the Promoter Directors / Director of the Company on preferential basis, Each Warrant is convertible into one equity share at a conversion price of ₹11.41 per share, including a premium of ₹1.41 on each share of Face Value of ₹10/-. The right vested shall be exercised not later than 18 months from the date of allotment in accordance with the SEBI (ICDR) Regulations, 2015. The prospective allottees had paid ₹16,250,000 towards 25% value of total consideration payable for the Warrants. In case of non exercise of warrants within the period of 18 months, the same shall stand forfeited and the money received against the same shall not be refunded by the Company.</p> <p>The details of Allottees of Warrants convertible into Equity Shares are as follows :-</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Mr. Venkatesh Rajagopal</td> <td style="width: 15%; text-align: right;">-</td> <td style="width: 15%; text-align: right;">-</td> </tr> <tr> <td>Mrs. Rama Rajagopal</td> <td style="text-align: right;">-</td> <td style="text-align: right;">21,91,060</td> </tr> <tr> <td>Mr. Charath Ram Narsimhan</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </table> <p>As at 31st March 2019, NIL Warrants (Previous Year 21,91,060) were pending to be converted into Equity Shares of ₹10/- each. The warrants would be converted into equivalent number of shares on payment of balance amount.</p> | | | Mr. Venkatesh Rajagopal | - | - | Mrs. Rama Rajagopal | - | 21,91,060 | Mr. Charath Ram Narsimhan | - | - |
| Mr. Venkatesh Rajagopal | - | - | | | | | | | | | |
| Mrs. Rama Rajagopal | - | 21,91,060 | | | | | | | | | |
| Mr. Charath Ram Narsimhan | - | - | | | | | | | | | |
| 16 LONG TERM BORROWINGS | | | | | | | | | | | |
| Unsecured | | | | | | | | | | | |
| Preference Shares | | | | | | | | | | | |
| Authorized | | | | | | | | | | | |
| 2,60,00,000 (Previous Year 2,60,00,000) 1% Cumulative Redeemable Preference Shares of ₹10/- each | 26.00 | 26.00 | | | | | | | | | |
| Issued, Subscribed and Paid up | | | | | | | | | | | |
| 2,51,04,500 (Previous year 2,51,04,500) 1% Cumulative Redeemable Preference Shares of ₹10/- each | 25.10 | 25.10 | | | | | | | | | |
| Preference Shares Classified as Borrowing held under amortised cost model | 26.49 | 26.23 | | | | | | | | | |
| Secured | | | | | | | | | | | |
| Term loans from Banks | | | | | | | | | | | |
| Clean Term loans | 1.19 | 3.08 | | | | | | | | | |
| Funded Interest Term loans | 15.01 | 16.10 | | | | | | | | | |
| Total | 42.69 | 45.41 | | | | | | | | | |

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------|---------------------------------------|--------------------------|
| Net debt reconciliation | | |
| Particulars | 31-Mar-19 | 31-Mar-18 |
| Current borrowings | (48.71) | (52.42) |
| Non current borrowings | (42.69) | (45.41) |
| Net debt | (91.40) | (97.83) |
| Particulars | Liabilities from financing activities | |
| | Non current borrowings | Current borrowings |
| Net debt as on 01st April 2017 | (48.80) | (44.35) |
| Cash flows | 3.38 | (8.07) |
| Acquisition - Finance leases | - | - |
| Foreign Exchange Adjustments | - | - |
| Interest expense | (2.59) | (3.16) |
| Interest paid | 2.59 | 3.16 |
| <u>Other non-cash movements</u> | | |
| -Acquisition/disposals | - | - |
| -Fair value adjustments | - | - |
| Net debt on 31st March 2018 | (45.42) | (52.42) |
| Net debt as on 01st April 2018 | (45.41) | (52.42) |
| Cash flows | 2.72 | 3.71 |
| Acquisition - Finance leases | - | - |
| Foreign Exchange Adjustments | - | - |
| Interest expense | (3.38) | (2.74) |
| Interest paid | 3.38 | 2.74 |
| <u>Other non-cash movements</u> | | |
| -Acquisition/disposals | - | - |
| -Fair value adjustments | - | - |
| Net debt on 31st March 2019 | (42.69) | (48.71) |

| PARTICULARS | As at 31st March 2019 | | As at 31st March 2018 | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------|--------------------------|---------------|
| a Rights, Preferences and Restrictions attached to Preference shares | | | | |
| The Cumulative Redeemable Preference Shares carry a dividend of 1% p.a. and will be redeemed in 5 equal annual installments starting with the financial year 2022. | | | | |
| b Details of 1% Cumulative Redeemable Preference Shares held by each Shareholder more than 5% | | | | |
| | As at 31-Mar-19 | | As at 31 March 2018 | |
| Name of the Shareholder | No. of Shares | % held | No. of Shares | % held |
| State Bank of India | 25104500 | 100.0% | 25104500 | 100.0% |
| % Holding | | | | |
| State Bank of India | 100.0% | | 100.0% | |
| There is no movement of Preference shares during the year and previous period of 2 years | | | | |
| c Details of Term loans - Bank wise, Repayments and Security | | | | |
| Term loans from State Bank of India | 19.12 | | 21.77 | |
| Loans Classified under Other Current Liabilities - being current maturities of long term borrowings | 2.91 | | 2.59 | |
| Long Term Borrowings | 16.21 | | 19.18 | |

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

Also the loans are additionally secured by the following collaterals:

Hypothecation charge of the entire plant & machinery
 Extension of E.M over land & building at 107A, GST Road, Chrompet, Chennai.
 Equitable mortgage over leasing rights of land (2.306 acres and building (168050 Sq.ft) at plot no.C-2, Phase - II,
 Pledge of 1,30,97,987 shares belonging to the Promoter Directors
 Personal Guarantee of Promoter Directors

The maturity profile and rate of interest of the above loans are as set out below:

Rates of Interest

Clean Term loan - 16.65%

Funded Interest Term loan -16.65%

| Year | Clean term Loan | Funded Interest Tem Loan | Total |
|---------|-----------------|--------------------------|--------------|
| 2019-20 | 1.91 | 16.01 | 17.92 |
| 2020-21 | 1.19 | - | 1.19 |
| | 3.10 | 16.01 | 19.12 |

There were no pending obligations on interest and debt repayment to the lender, State Bank of India as on 31st March 2019.

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 17 DEFERRED TAX LIABILITIES | | |
| Deferred Tax Liability | - | - |
| Deferred Tax Asset on Unabsorbed Depreciation & Business Loss | - | - |
| During the previous year, the Company had recognized deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of corresponding deferred tax liability. | | |
| In accordance with the provisions of Ind AS 12 income taxes, the Company has deferred tax assets which have not been recognized due to absence of virtual certainty backed by convincing evidence of sufficient future taxable income against which such assets could be offset. | | |
| Total | - | - |
| 18 OTHER NON CURRENT LIABILITIES | | |
| Government Grant | 0.03 | 0.03 |
| Total | 0.03 | 0.03 |
| 19 SHORT-TERM BORROWINGS | | |
| a Loans Repayable on Demand from Banks | | |
| Secured: | | |
| Working Capital Facilities | 26.64 | 21.44 |
| Export Bills Discounted | 19.16 | 28.39 |
| The above facilities in the form of Export Packing Credit, Cash Credit and Export Bills Discounting facility are secured by way of charge on the inventories of the Company in the form of Raw Materials, Stock in Process and Finished Goods, Receivables and Other Current Assets. | | |
| The loans are additionally secured by the following collaterals: | | |
| Hypothecation charge on the entire plant & machinery | | |
| Extension of Equitable Mortgage over land & building at 107A, GST Road, Chrompet, Chennai. | | |
| Equitable mortgage over leasing rights of land (2.306 acres and building (168050 Sq.ft) at plot no.C-2, Phase - II, | | |
| Pledge of 1,30,97,987 shares belonging to the Promoter Directors | | |
| Personal Guarantee of Promoter Directors | | |
| Total | 45.80 | 49.83 |

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------|--------------------------|--------------------------|
| 20 TRADE PAYABLES | | |
| a Micro, Small and Medium Enterprises | 0.07 | 0.23 |
| b Others | 20.57 | 25.57 |
| Total | 20.64 | 25.80 |

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

| Particulars | 31-03-2019 | 31-03-2018 |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| a Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.07 | 0.23 |
| b Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | - |
| c Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| d Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year. | - | - |
| e Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| f Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| g Further interest remaining due and payable for earlier years outstanding on the same. | - | - |
| Others include Bills Acceptances of ₹17.59 crs (Previous Year ₹14.03 crs) | | |
| 21 OTHER FINANCIAL LIABILITY | | |
| a Current Maturities of Long-Term Borrowings | | |
| Term loans from Banks | | |
| Clean Term Loans | 1.91 | 1.59 |
| Funded Interest Term Loans | 1.00 | 1.00 |
| | <u>2.91</u> | <u>2.59</u> |
| b Expenses Payable | | |
| Accrued Expenses | 16.48 | 4.75 |
| Salaries and Wages Payable | 3.15 | 2.81 |
| Bonus Payable | 2.10 | 1.71 |
| | <u>21.73</u> | <u>9.27</u> |
| c Amount Payable on Mark to Market on Forward Contracts | - | 0.08 |
| Total | 24.64 | 11.94 |
| 22 OTHER CURRENT LIABILITIES | | |
| Withholding and Other Taxes Payable | 0.92 | 0.90 |
| Government Grant | 0.23 | 0.26 |
| Total | 1.15 | 1.16 |

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 23 SHORT-TERM PROVISIONS | | |
| a Provision for Employee Benefits | | |
| Provision for Unavailed leave | 3.34 | 2.72 |
| Provision for Gratuity (Refer Note 46) | 1.82 | 1.29 |
| Total | 5.16 | 4.01 |
| 24 REVENUE FROM OPERATIONS (GROSS) | | |
| Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies geography, amongst others to indicate the factors as mentioned above. The details of revenue from sale of products on the basis of geography is provided : | | |
| a Sale of Products | | |
| Manufactured goods | | |
| Exports | 193.47 | 173.53 |
| Domestic | 24.78 | 9.45 |
| b Other Operating Revenues | | |
| Income from Job Contract Manufacturing Activities | 1.43 | 13.44 |
| Export Incentives | 11.71 | 7.12 |
| Total | 231.39 | 203.54 |
| The operations of the Company relate to only one segment viz., garment manufacturing. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required. Transaction price allocated to the remaining performance obligations The Company's contracts with customers are short term contracts with performance obligations that has an original expected duration of one year or less. Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed. There is no impact on the retained earnings as on the date of adoption of the standard. There is no effect on any financial statement line item due to application of this standard and there is no requirement to disclose the same. | | |
| 25 OTHER INCOME | | |
| a Interest income from Financial Assets at amortised cost | 0.12 | 0.08 |
| b Rental income | 0.12 | 1.10 |
| c Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs) | (1.55) | 1.44 |
| d Others | 0.07 | 0.03 |
| Total | (1.24) | 2.65 |
| Interest income comprises: | | |
| Interest on fixed deposits with Banks | 0.10 | 0.06 |
| Interest on employee loans | 0.01 | 0.01 |

| PARTICULARS | | As at 31st March 2019 | As at 31st March 2018 |
|-------------|---------------------------------------------------------------------------------|--------------------------|--------------------------|
| 26 | COST OF MATERIALS | | |
| | Opening Stock of Materials | 15.76 | 14.04 |
| | Add: Purchases of Materials | 131.15 | 110.74 |
| | Closing Stock of Materials | 22.22 | 15.76 |
| | Total | 124.69 | 109.02 |
| 27 | CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC | | |
| | Closing Stock | | |
| | Finished Goods | 25.59 | 23.69 |
| | Work-in-Progress | 2.00 | 0.98 |
| | Opening Stock | | |
| | Finished Goods | 23.69 | 22.34 |
| | Work-in-Progress | 0.98 | 2.04 |
| | Total | (2.92) | (0.29) |
| 28 | EMPLOYEE BENEFITS EXPENSE | | |
| | Salaries and Wages | 48.30 | 46.96 |
| | Contribution to Provident and Other Funds | 4.39 | 5.07 |
| | Staff Welfare Expenses | 2.26 | 2.13 |
| | Total | 54.95 | 54.16 |
| 29 | OTHER EXPENSES | | |
| | Subcontracting and Garment Processing Costs | 7.22 | 4.98 |
| | Consumables | 0.57 | 0.92 |
| | Power & Fuel | 3.37 | 3.54 |
| | Rent | 6.64 | 6.12 |
| | Insurance | 0.56 | 0.82 |
| | Maintenance Expenses | 3.78 | 2.40 |
| | Rates and Taxes | 0.45 | 0.27 |
| | Shipping Charges | 2.01 | 1.81 |
| | Export Expenses | 0.86 | 0.01 |
| | Traveling & Conveyance | 6.27 | 4.89 |
| | Consultancy Charges | 0.98 | 0.90 |
| | Communication Expenses | 0.99 | 0.70 |
| | Selling Commission | 0.15 | 0.47 |
| | Printing & Stationery | 0.28 | 0.42 |
| | Auditors' Remuneration | 0.06 | 0.06 |
| | Directors Remuneration | 0.30 | 0.19 |
| | Other Miscellaneous Expenses | 2.58 | 2.00 |
| | Total | 37.07 | 30.50 |

Auditors' Remuneration includes ₹4.50 lakhs (Previous Year ₹4.50 lakhs) against Statutory Audit, ₹0.70 lakhs (Previous Year ₹0.70 lakhs) against Tax Audit. Secretarial Audit Fee ₹1.00 lakhs (Previous year ₹1.00 lakhs)

An amount of ₹0.15 lakhs (Previous Year ₹0.40 lakhs) was paid to the Auditors towards certification, out-of-pocket expenses and for representation in taxation matters and Tax Audit and the same is classified under Consultancy Charges.

Directors Sitting Fee of ₹0.53 lakhs (Previous year ₹0.65 lakhs) is grouped under Other Miscellaneous expenses.

| PARTICULARS | | As at 31st March 2019 | As at 31st March 2018 |
|--------------------|-------------------------------------------------------------------------|----------------------------------|----------------------------------|
| 30 | FINANCE COSTS | | |
| a | Interest on Financial liability not at Fair Value through Profit & Loss | | |
| | Term loans | 3.13 | 2.34 |
| | Working Capital & Others | 2.74 | 3.16 |
| | Preference Shares | 0.25 | 0.25 |
| b | Other Borrowing Costs - Bank Charges | 1.15 | 1.04 |
| | Total | 7.27 | 6.79 |
| 31 | OTHER COMPREHENSIVE INCOME | | |
| | Items that will not be reclassified to Profit or Loss | | |
| | Remeasurement of post employment benefit obligations | 0.93 | 0.42 |
| | Total | 0.93 | 0.42 |
| 32 | Fair Value Measurement | | |
| | Financial instruments | | |
| | Financial instruments by category | 31-Mar-19 | 31-Mar-18 |
| | Financial Assets | | |
| | Amortised cost | | |
| | Trade receivables | 34.08 | 36.11 |
| | Loans and advances to Employees | 0.18 | 0.13 |
| | Cash and cash equivalents | 2.09 | 0.62 |
| | Other bank balances | 1.71 | 1.62 |
| | Security deposits | 3.24 | 3.23 |
| | Interest accrued on Fixed Deposits | 0.01 | 0.01 |
| | Rent Receivable | 0.36 | 1.54 |
| | Fair value through Profit & Loss | | |
| | Amount Receivable on Mark to Market on Forward Contracts | 0.44 | 0.02 |
| | Total financial assets | 42.10 | 43.28 |
| | Financial liabilities | | |
| | Long Term Borrowings | 16.21 | 19.18 |
| | Preference Share | 26.49 | 26.23 |
| | Short Term Borrowings | 45.80 | 49.83 |
| | Trade payables | 20.64 | 25.80 |
| | Other Financial Liability | 24.64 | 11.94 |
| | Total financial liabilities | 133.78 | 132.99 |

(i) Fair value hierarchy

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

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

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

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

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

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

(ii) Valuation technique used to determine fair value

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

33 Financial risk management

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

A.Credit risk

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

(i) Credit risk management

Credit risk on deposit is mitigated by depositing the funds in reputed private sector bank. For trade receivables, the primary source of credit risk is that these are unsecured. The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at the transition date and 31st March 2019 company had no significant credit.

B.Liquidity risk

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

(ii) Maturities of financial liabilities

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

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

₹ in Crores

| Non Derivatives | 31-Mar-19 | | | 31-Mar-18 | | |
|-----------------------------------------|------------------------|-----------------------|---------------|------------------------|-----------------------|---------------|
| | Maturing within 1 year | Maturing after 1 Year | Total | Maturing within 1 year | Maturing after 1 Year | Total |
| Short term Borrowing | 49.97 | | 49.97 | 54.44 | | 54.44 |
| Long Term Borrowing | | 18.90 | 18.90 | | 20.95 | 20.95 |
| Expenses payable | 21.73 | | 21.73 | 9.28 | | 9.28 |
| Trade Payables | 20.64 | | 20.64 | 25.80 | | 25.80 |
| Total Non Derivative liabilities | 92.34 | 18.90 | 111.25 | 89.52 | 20.95 | 110.47 |

C. Market risk
(i) Foreign currency risk

The company activities exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crores

| Particulars | 31-Mar-19 | | 31-Mar-18 | |
|--------------------------------------------------------|--------------|----------|--------------|----------|
| | USD | EURO | USD | EURO |
| Financial assets | | | | |
| Trade receivables | 21.29 | - | 33.37 | - |
| Exposure to foreign currency risk (assets) | 21.29 | - | 33.37 | - |
| Financial liabilities | | | | |
| Trade payables | 15.58 | - | 8.06 | - |
| Exposure to foreign currency risk (liabilities) | 15.58 | - | 8.06 | - |
| Net exposure to foreign currency risk | 5.71 | - | 25.31 | - |

Sensitivity

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

| | Impact on profit after tax | |
|-------------------------|----------------------------|-----------|
| | 31-Mar-19 | 31-Mar-18 |
| USD sensitivity | | |
| INR/USD Increases by 5% | 0.29 | 1.27 |

* Holding all other variable constant

| PARTICULARS | As at 31st March 2019 | As at 31st March 2018 |
|-------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|

34. Capital management

(a) Risk management

The company's objectives when managing capital are to

-safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

-maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

₹ in crores

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---------------------------------|--------------|--------------|
| Share Capital | 47.77 | 45.58 |
| Reserves and Surplus | (54.03) | (56.65) |
| Money Received Against Warrants | - | 0.63 |
| Preference Share Capital | 25.10 | 25.10 |
| Networth | 18.84 | 14.66 |

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

| | | |
|---------------|-------|-------|
| Debt | 16.21 | 19.18 |
| Debt / Equity | 0.86 | 1.31 |

Debt consists of Long term borrowings only.

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

35. Segment Information

(All amounts in ₹Crores unless otherwise stated)

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

Entity wide disclosures

| Revenue from Operation | Domestic | Overseas | Total |
|------------------------|----------|----------|--------|
| FY 2018-2019 | 37.92 | 193.47 | 231.39 |
| FY 2017-2018 | 30.01 | 173.53 | 203.54 |

Revenues of approximately ₹131.25 crores (31 March 2018 ₹115.59 crores) are derived from a single external customer.

Notes to the Accounts as at 31st March 2019

₹ In Crores

| PARTICULARS | As at 31-Mar-19 | As at 31-Mar-18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 36 The company has significant accumulated losses. In this connection, the company has implemented various initiatives to improve on the efficiencies and control the losses. | | |
| In view of the various strategic initiatives that the Company is exploring, it is confident of being able to continue and operate the business on a "Going Concern" basis and accordingly the financial statements have been prepared on the same lines | | |
| 37 Some balances of Trade/Other receivables, Trade/Other Payables and Loans and Advances are subject to confirmation/reconciliation. Adjustments (if any) will be accounted for on confirmation/reconciliation of the same. In the opinion of the Board of Directors this will not have a material adverse impact on the Company's financial position and results of operations. | | |
| 38 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act 2006") as at March 31, 2019 and March 31, 2018:- | | |
| i) Total outstanding dues of micro enterprises and small enterprises | 0.07 | 0.23 |
| ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 20.57 | 25.57 |
| 39 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses. | | |
| 40 EARNINGS PER SHARE | | |
| Earnings Per Share - In ₹ | | |
| Basic | 0.69 | (0.21) |
| Diluted | 0.69 | (0.21) |
| Earnings per Share is calculated as under: | | |
| a Numerator | | |
| Net Profit after Tax as disclosed in Statement of Profit and Loss | 3.24 | (0.88) |
| b Denominator | | |
| Weighted Average Number of Equity Share Outstanding | | |
| Basic | 4,68,37,555 | 4,25,22,667 |
| Diluted | 4,68,37,555 | 4,25,22,667 |
| c Nominal Value of Equity Share (In ₹) | 10.00 | 10.00 |

Notes to the Accounts as at 31st March 2019

₹ In Crores

| PARTICULARS | As at 31-Mar-19 | As at 31-Mar-18 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 41 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR) | | |
| a Guarantees given by Banks and counter Guaranteed by the Company | - | - |
| b On account of Letters of Credit issued by Bankers on behalf of the Company | 0.60 | 0.25 |
| c Claims against Company not acknowledged as debts being petition/ appeals pending before the Assessing Officer/ Commissioner of Income Tax (Appeals). | 0.29 | 0.29 |
| <p>Based on the decisions of the appellate authorities for the earlier years and interpretations of other relevant provisions, the Company is of the opinion that the demands are likely to be deleted and consequently no provision has been made for such demands. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.</p> | | |
| d The Banks have extended concessional interest rate for the credit facilities sanctioned to the Company for the period upto 31st March 2018. As per the terms of the Sanction letter, Banks have the right to be recompensated in future for the sacrifice extended. | | |
| 42 Commitments | | |
| (a) Capital commitments | | |
| Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows: Property, plant and equipment | - | 0.06 |
| (b) Lease commitments | | |
| Within one year | 7.21 | 5.80 |
| Later than one year but not later than five years | 23.92 | 19.20 |
| 43 In respect of amounts mentioned under section 125 of the Companies Act, 2013 there are no dues that are required to be transferred to Investor Education and Protection Fund as at March 31, 2019 (March 31, 2018 ₹ NIL) | - | - |
| 44 RELATED PARTY TRANSACTIONS | | |
| a Key Managerial Personnel: | | |
| Mr. V.Rajagopal | | |
| Mr. Vidyuth Rajagopal | | |
| b Relative of Key Managerial Personnel: | | |
| Mrs. Rama Rajagopal | | |
| c Enterprises under Control or Significant Influence of Key Managerial Personnel: | | |
| M/s Indian Terrain Fashions Limited | | |
| M/s Celebrity Connections | | |
| d Transactions carried out with Related Parties during the Year | | |
| Key Managerial Personnel | | |
| Managerial Remuneration - Mr. Vidyuth Rajagopal | 0.30 | 0.19 |
| Enterprises Under Same Management | | |
| Job work Charges, Material Transfers, Sale of Garments and Rentals | 16.95 | 25.35 |

| PARTICULARS | As at 31-Mar-19 | As at 31-Mar-18 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| e Outstanding Balances as on 31st March 2019 | | |
| i Payable as Managerial Remuneration - Mr Vidyuth Rajagopal | 0.03 | 0.02 |
| ii Trade Receivable against Job work Charges and Material Transfers - Indian Terrain Fashions Limited | 12.52 | 2.71 |
| 45 DISCLOSURE AS PER REGULATION 34 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 | | |
| Loans and advances in the nature of loans given to Subsidiaries, Associates and Others | - | - |
| 46 EMPLOYEE BENEFIT PLAN - GRATUITY | | |
| The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. | | |
| Amount Recognized in the Balance Sheet in respect of gratuity | | |
| Present Value of Defined Benefit Obligation at the end of the Year | 2.18 | 1.85 |
| Fair Value of Plan Assets at the end of the Year | 0.36 | 0.57 |
| Net Liability / (Asset) | 1.82 | 1.29 |
| Amount Recognized in Profit and Loss Account in respect of gratuity | | |
| Current Service Cost | 0.25 | 0.24 |
| Past service cost | - | - |
| Interest on Defined Benefit Obligations | 0.14 | 0.13 |
| Interest on Plan Assets | 0.04 | 0.05 |
| Total | 0.43 | 0.42 |
| Amount Recognized in Other comprehensive income in respect of gratuity | | |
| Net Actuarial (Gain) / Loss recognized during the Period | 0.84 | 0.42 |
| Actual Return on Plan Assets | | |
| Interest return on Plan Assets | 0.04 | 0.05 |
| Actuarial Gain / (Loss) on Plan Assets | (0.19) | 0.11 |
| Actual Return on Plan Assets | (0.14) | 0.16 |
| Reconciliation of present value of obligation and the fair value of the plan assets | | |
| Opening Defined Benefit Obligation | 1.86 | 1.85 |
| Current Service Cost | 0.25 | 0.24 |
| Past service cost | - | (0.00) |
| Interest Cost | 0.14 | 0.13 |
| Actuarial (Gain) / Loss on obligations | | |
| Actuarial (Gains) / Losses on Obligations due to change in demographic assumptions | 0.09 | - |
| Actuarial (Gain) / Loss on obligations due to changes in financial assumptions | 0.17 | (0.14) |
| Actuarial (Gain) / Loss on obligations due to experience adjustments | 0.49 | 0.67 |
| Benefits Paid | (0.81) | (0.90) |
| Closing Defined Benefit Obligation | 2.18 | 1.85 |

Notes to the Accounts as at 31st March 2019

₹ In Crores

| PARTICULARS | As at 31-Mar-19 | As at 31-Mar-18 |
|------------------------------------------------------------------|---------------------------------|---------------------------------|
| Opening Fair Value of Plan Assets | 0.57 | 0.75 |
| Interest income on Plan Assets | 0.04 | 0.05 |
| Return in excess of interest income | (0.19) | 0.11 |
| Employer Contributions | 0.74 | 0.55 |
| Benefits Paid | (0.81) | (0.90) |
| Closing Fair Value of Plan Assets | 0.36 | 0.57 |
| Closing balances of Defined Benefit Obligation | | |
| Defined Benefit Obligation at the beginning of the Year | 1.86 | 1.10 |
| Interest Cost | 0.14 | 0.13 |
| Current Service Cost | 0.25 | 0.24 |
| Benefit Paid | (0.81) | (0.90) |
| Actuarial (gain) / loss on obligations | (0.15) | 0.53 |
| Liability at the end of the Year | 1.29 | 1.10 |
| Closing balances of Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the Year | 0.57 | 0.75 |
| Expected Return on Plan Assets | 0.04 | 0.05 |
| Employer Contributions | 0.74 | 0.55 |
| Benefits Paid | (0.81) | (0.90) |
| Actuarial gain/(loss) on Plan Assets | (0.19) | 0.11 |
| Fair Value of Plan Assets at the end of the Year | 0.36 | 0.57 |
| Actual Return on plan assets | (0.14) | 0.16 |
| Investment Details of Plan Assets | | |
| Money Market Instruments | 0% | 0% |
| Assets under Insurance Schemes | 100% | 100% |
| Principal Actuarial Assumptions at the Balance Sheet Date | | |
| Discount Rate | 7.50% | 6.85% |
| Estimated Rate of Return on Plan Assets | 7.50% | 6.85% |
| Rate of Salary increase | 3.50% | 3.50% |
| Rate of employee turnover | For service below 4 year 72% | For service below 4 year 72% |
| | For Service above 4 year 2% | For Service above 4 year 2% |
| Mortality rate during employment | India Assured Lives Mortality | |

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.

Notes to the Accounts as at 31st March 2019

₹ In Crores

| PARTICULARS | As at 31-Mar-19 | As at 31-Mar-18 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Sensitivity Analysis | | |
| Projected Benefit Obligation on current assumptions | 2.18 | 1.85 |
| Decrease in obligation due to +1% change in discount rate | (0.20) | (0.18) |
| Increase in obligation due to -1% change discount rate | 0.24 | 0.22 |
| Increase in obligation due to +1% change in rate of salary increase | 0.24 | 0.22 |
| Decrease in obligation due to -1% change in rate of salary increase | (0.21) | (0.19) |
| <p>The Sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period holding all other assumptions constant</p> | | |
| Maturity analysis of the the benefits from the fund | | |
| Within One year | 0.13 | 0.10 |
| Within two to five year | 0.46 | 0.33 |
| After five years to ten years | 0.81 | 0.67 |
| After ten years and above | 3.78 | 3.97 |
| 47 SEGMENT REPORTING | | |
| <p>The Company has considered business segment as the primary segment for disclosure. The Company is primarily engaged in a single segment business of manufacture and sale of garments and is managed as one entity for its sale and is governed by a similar set of risks and return. Hence, no additional disclosures are required, other than those already given in the Financial Statements.</p> | | |
| <p>The Company has identified Geographical Segment as the secondary segment which consists of:</p> | | |
| a) Domestic (Sales to customers located in India) | | |
| b) International (Sales to customers located outside India) | | |
| <p>Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The Company believes that it is not practical to allocate segment expenses, segment results, assets used, except trade receivables, in the Company's business or liabilities contracted since the resources/ services/ assets are used interchangeably within the segments. All fixed assets are located in India. Accordingly, no secondary segmental information is disclosed.</p> | | |
| 48 OTHERS | | |
| a Aggregate Expenses | | |
| Electricity Expenses included under Power and Fuel | 2.70 | 2.79 |
| b Earnings in Foreign Currency | | |
| Export of Goods - FOB Value | 193.47 | 173.53 |
| c Expenditure in Foreign Currency | | |
| Selling Commission & Consultancy Charges | 0.32 | 0.05 |
| Software Expenses | 0.03 | 0.25 |
| Travel | 0.12 | 0.09 |
| Claims | 0.16 | - |
| Spares | 0.05 | 0.09 |
| Interest | 0.06 | 0.13 |
| Consultancy | 0.05 | 0.05 |

Notes to the Accounts as at 31st March 2019

₹ In Crores

| PARTICULARS | As at 31-Mar-19 | As at 31-Mar-18 |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| d Value of Imports | | |
| Raw materials | 46.76 | 42.74 |
| Capital Goods | 0.45 | 0.03 |
| e Imported and Indigenous Consumption of Raw materials | | |
| Imported | | |
| ₹ In Crores | 44.46 | 42.07 |
| % to Total | 35.7% | 38.6% |
| Indigenous | | |
| ₹ In Crores | 80.23 | 66.95 |
| % to Total | 64.3% | 61.4% |
| 46 OTHER DISCLOSURES | | |
| a Foreign Exchange Differences | | |
| Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account | (1.55) | 1.45 |
| Premium / (Discount) on Forward Foreign Exchange Contracts recognized | - | - |
| b | Previous year figures have been regrouped, reworked and reclassified wherever necessary to conform to current year classification. | |
| c | In the opinion of the Management , Current Assets, Loans and Advances have a value of at least equal to the amounts shown in the Balance Sheet, if realized in the due course of the business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary. | |

To be read with our report of even date

SRSV & Associates
Chartered Accountants
ICAI Firm Registration No. 015041S

For and on Behalf of the Board

V. Rajagopal
Chairman
DIN: 00003625

Vidyuth Rajagopal
Managing Director
DIN 07578471

V. Rajeswaran
Partner
Membership Number 020881

A. Rishi Kumar
Company Secretary

S Venkataraghavan
Chief Financial Officer

Chennai
20 May 2019

CELEBRITY FASHIONS LIMITED

(CIN: L17121TN1988PLC015655)
Registered office: SDF IV & C2, 3RD MAIN ROAD, MEPZ/SEZ, Tambaram, Chennai - 600 045
Phone No.91-44-43432200/43432300; email: investorservices@celebritygroup.com
Website: www.celebritygroup.com

ATTENDANCE SLIP

Regd Folio No. /DP/ Client ID

No. of Shares held

I/We hereby record my/our presence at the 30th ANNUAL GENERAL MEETING of the Company at the Registered Office situated at SDF-IV & C2, 3rd Main Road, MEPZ- SEZ, Tambaram, Chennai-600 045 on Monday, the 30th day of September 2019 at 02.30 P.M..

.....
Name of Member / Proxy Signature of member / Proxy

PROXY FORM

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

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

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

| | |
|--------------------------------------------------------------------------|-----------------------------------------------------------|
| 1. Name : Address : Email Id : Signature : or failing him | 2. Name : Address : Email Id : Signature : |
|--------------------------------------------------------------------------|-----------------------------------------------------------|

as my / our proxy to attend and vote (on a poll) for me / us on my behalf at the 30th Annual General Meeting of the Company to be held on Monday, the 30th day of September 2019 at 02.30 P.M. at the Registered Office situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045 and at any adjournment thereof in respect of such resolutions are indicated below:

| Resolution No. | Resolutions | For | Against |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1 | Adoption of Audited Financial Statements for the year ended 31 st March, 2019 and the reports of the Board of Directors and the Statutory Auditors thereon. | | |
| 2 | Re-appointment of Mrs. Rama Rajagopal (DIN: 00003565) who retires by rotation | | |

Signed this..... day of September 2019.

Signature of shareholder

Signature of Proxy holder(s)

Affix
₹ 1/-
Revenue Stamp

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

REGISTERED BOOK POST

If undelivered please return to

Celebrity Fashions Limited

SDF-IV & C2, 3rd Main Road,
MEPZ-SEZ, Tambaram, Chennai - 600 045.
Tel : +91 44 4343 2300 / 2200
Fax : +91 44 43432360