



# Celebrity Fashions Limited

29<sup>th</sup> August, 2020

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort  
Mumbai - 400001

**National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C/1,  
G Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400051

**Scrip Code - 532695**

**NSE Symbol: CELEBRITY**

Dear Sir/Madam,

**Sub: Notice of 31<sup>st</sup> Annual General Meeting and Annual Report for FY 2019-20**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Notice of 31<sup>st</sup> Annual General Meeting (AGM) and the Annual Report of the Company for the financial year 2019-20.

The AGM is scheduled to be held on Monday, 21<sup>st</sup> September, 2020 at 02.30 P.M. IST through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").

The Notice of AGM along with the Annual Report for the financial year 2019-20 is also available on the website of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,

**For CELEBRITY FASHIONS LIMITED**

**A. Rishi Kumar**

**Company Secretary & Compliance Officer**

**Encl: As above**

# **Celebrity Fashions Limited**



**31<sup>st</sup>**  
**ANNUAL REPORT 2019-2020**

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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. Manoj Mohanka       | Independent Director |
| Mr. K. Sridhar          | Independent Director |

**Chief Financial Officer**

Mr. S. Venkataraghavan

**Company Secretary & Compliance Officer**

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,  
Raj Paris Trimeni Towers, 147, First Floor,  
G N Chetty Rd, T. Nagar, Chennai - 600 017.

**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.

**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](http://www.linkintime.co.in)

## NOTICE OF ANNUAL GENERAL MEETING

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

**NOTICE** is hereby given that the 31<sup>st</sup> Annual General Meeting of Celebrity Fashions Limited will be held on Monday, 21<sup>st</sup> September, 2020 at 2.30 P.M. IST through Video Conferencing/ Other Audio Visual Means to transact the following business:

Place: Chennai  
Date: 21<sup>st</sup> August, 2020

A Rishi Kumar  
Company Secretary

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 together with the reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mrs. Rama Rajagopal (DIN: 00003565), who retires by rotation and being eligible, offers herself for re-appointment.

### Registered Office:

SDF – IV & C2, 3<sup>rd</sup> 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

### SPECIAL BUSINESS:

3. Revision in remuneration of Mr. Vidyuth Rajagopal, Managing Director of the Company.

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in partial modification of the resolution passed by the shareholders at the annual general meeting held on 25<sup>th</sup> September, 2018 and subject to the applicable provisions of Sections 196, 197 and 198 read with Schedule V and any other applicable provisions of the Companies Act, 2013 (the Act), and the Rules made thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and as recommended by the Nomination and Remuneration Committee and the board of directors of the Company, approval and ratification of the members be and is hereby accorded for the revision in the terms of remuneration payable to Mr Vidyuth Rajagopal, (DIN 07578471) Managing Director of the Company, effective 1st April 2019 upto the remaining period of his tenure, as stated in the Explanatory Statement attached to this Notice.

**RESOLVED FURTHER THAT** all other terms and conditions of appointment, as approved earlier by the shareholders at the annual general meeting held on 25<sup>th</sup> September 2018 and which are not dealt with in this resolution, shall remain unaltered.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and / or Mr. A. Rishi Kumar, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

4. Appointment of Mr. Manoj Mohanka as an Independent Director of the Company.

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150 and 152, read with Schedule IV of the Companies Act, 2013 (the "Act"), the rules made thereunder and Regulation 17 and 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Manoj Mohanka, (DIN: 00128593) who was appointed as an Additional Director of the Company with effect from 11th November, 2019 who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 05 (five) consecutive years with effect from 11th November, 2019 and shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Mr. A. Rishi Kumar, Company Secretary be and are hereby severally authorized to do all such acts, deeds, things as may be necessary to give effect to the above resolution."

### NOTES:

1. Explanatory Statements setting out the material facts concerning each item of Special Business to be transacted at the Annual General Meeting pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of the Notice. Information on all the Directors proposed to be appointed/re-appointed at the Meeting as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 are provided in this Notice.
2. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 05, 2020 read with circulars dated April 08, 2020 and April 13, 2020 ("MCA Circulars") and Securities and Exchange Board of India (SEBI) vide its circular dated May 12, 2020 ("SEBI Circular"), permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is given below in the e-voting instructions.
3. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-2020 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories.
4. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.**
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast

1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contract or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection.
8. 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.
9. The Register of Members and Share Transfer Books will remain closed from Tuesday, September 15, 2020 to Monday, September 21, 2020 (both days inclusive) for the purpose of the AGM.
10. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
13. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.celebritygroup.com](http://www.celebritygroup.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in securities market. Members holding shares in dematerialised form are therefore requested to submit their PAN to the Depository Participant(s) with whom they are maintaining their dematerialised accounts. Members holding shares in physical form can write to the Registrar and Share Transfer Agent with their PAN details.
15. 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.
16. **Instructions for E-voting and using VC/OAVM**

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

- (i) The voting period begins on Friday, 18<sup>th</sup> September, 2020 at 9.00 A.M. and ends on Sunday, 20<sup>th</sup> September, 2020 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 14<sup>th</sup> September 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (iv) Click on "Shareholders" module.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user, follow the steps given below:

| For Shareholders 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"> <li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>               |
| Dividend Bank Details<br>OR<br>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"> <li>• 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).</li> </ul> |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN of Celebrity Fashions Limited.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print out of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) 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.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". 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.

**(b) Process for those shareholders whose email address are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [mt.helpdesk@linkintime.co.in](mailto:mt.helpdesk@linkintime.co.in).
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to RTA at [evoting.investors@linkintime.co.in](mailto:evoting.investors@linkintime.co.in).

**(c) Instructions for shareholders attending the AGM through vc are as under:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **6 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [investorservices@celebritygroup.com](mailto:investorservices@celebritygroup.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [investorservices@celebritygroup.com](mailto:investorservices@celebritygroup.com). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

**(d) Instructions for shareholders for e-voting during the AGM are as under:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**(e) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at [chandramouli@bpcorpadvisors.com](mailto:chandramouli@bpcorpadvisors.com) and to the Company at the email address [investorservices@celebritygroup.com](mailto:investorservices@celebritygroup.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

For queries, if any or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Niti Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futrex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

17. 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, 14th September 2020, being the cut-off date. Members are eligible to cast vote only if they are holding shares as on that date.
18. The Company has appointed M/s. BP & Associates, Practising Company Secretaries as Scrutinizer to scrutinize the voting (at AGM) and remote e-voting process in a fair and transparent manner.
19. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first scrutinize the votes cast at the AGM, thereafter unlock the votes cast through remote e-voting and shall make not later than 48 hours of conclusion of the Meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
20. The Results alongwith the Scrutinizer's Report shall be placed on the Company's website [www.celebritygroup.com](http://www.celebritygroup.com) and on the website of CDSL within 48 hours of conclusion of the 31st AGM of the Company and communicated to BSE Limited and National Stock Exchange of India Limited.
21. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. on Monday, September 21, 2020, subject to receipt of the requisite number of votes in favour of the Resolutions.
22. 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.
23. 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.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**
**Item No. 3**

At the board meeting held on 08th August, 2018, Mr Vidyuth Rajagopal, was reappointed as Managing Director of the Company for a period of three years from 08th August, 2018 on such remuneration within the limit prescribed under applicable provisions of the Companies Act, 2013. The terms of appointment and remuneration payable to him was also approved by the shareholders at the 29th AGM held on 25th September, 2018.

The board reviewed the remuneration payable to him after taking into consideration his active involvement in all spheres of management for exploring business opportunities both in India and abroad and felt that he can be compensated by way of enhanced remuneration. Therefore, the board, at its meeting held on 11th November 2019, proposed the following revision in the terms of remuneration payable to him effective 1st April 2019, as recommended by the NRC, subject to the approval of the shareholders in the ensuing AGM.

**i) Salary**

Basic salary of Rs.4,00,000/- per month.

**ii) Medical Benefits**

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

**iii) Telephone**

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

**iv) Automobile**

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

**v) Residential Accommodation**

The Company shall provide rent free furnished accommodation.

**vi) Reimbursement of expenses**

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

**vii) Sitting Fees**

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

The valuation of perquisites will be as per the Income-Tax Rules in cases where the same is otherwise not possible to be valued.

It is therefore conceivable that such modification in the terms of remuneration will amount to revision in the overall remuneration payable to him, in terms of Sections 197 and 198 read with Schedule V to the Act and require approval of the shareholders.

The terms of remuneration payable to MD as specified above are now being placed before the members for their approval by way of an ordinary resolution, as set out in item no. 3 of this Notice, in compliance with the provisions of Sections 196, 197 and 203 read with Schedule V to the Act, as recommended by the NRC and by the board.

Mr Vidyuth Rajagopal is deemed to be concerned / interested in this resolution, since it relates to his remuneration as MD. Mr Venkatesh Rajagopal, Chairman and Mrs Rama Rajagopal, Director are also deemed to be interested, being his relatives.

None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.3 of this Notice. The board, therefore, recommends the ordinary resolution, as set out in item no.3, for approval by the shareholders of the Company.

The statement containing the information to be given to the members in terms of Schedule V of the Companies Act, 2013 is as under:

**I. General Information**

|   |   |  |
|---|---|--|
| 1 | Nature of Industry  | Manufacture & Export of all type of Textile garments and clothing accessories  |
| 2 | Date of commencement of commercial production   | Company is in operation since 1988   |
| 3 | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable   |
| 4 | Financial performance based on given indicators   | The Company has made a net profit of Rs.2.31 crs for the financial year ended 31st March, 2019 and a net profit of Rs. 15.93 crs for the financial year 31st March 2020. |
| 5 | Foreign Investments or collaborations, if any   | Not Applicable   |

**II. Information about the appointee**

|   |  |   |
|---|--|---|
| 1 | Background details   | Mr. Vidyuth Rajagopal is serving as the Managing Director of the Company effective 08th August, 2018. He has had significant experience over the years working across all areas of the organization. He holds a bachelor's degree in Economics from Loyola College, Chennai and Masters of Business Administration from ISB, Hyderabad. |
| 2 | Past remuneration (In lakhs)   | 30.00   |
| 3 | Recognition or awards  | Nil   |
| 4 | Job profile and his suitability  | Job requires strong knowledge and experience in garments industry. Mr. Vidyuth Rajagopal is eminently suitable given his background.  |
| 5 | Proposed Remuneration  | As stated in explanatory statement  |
| 6 | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.    | The proposed remuneration is comparable and in line with the other companies of similar size and nature in the Industry.  |
| 7 | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | Mr. Vidyuth Rajagopal son of Mr. Venkatesh Rajagopal and Mrs. Rama Rajagopal, the promoter directors.   |

**III. Other Information**

|   |   |  |
|---|---|--|
| 1 | Reasons of loss or inadequate profits                             | Industry trend and increase in operating cost.   |
| 2 | Steps taken or proposed to be taken for improvement               | The company is undertaking various strategic initiatives including improvement to productivity and rationalisation of costs.   |
| 3 | Expected increase in productivity and profits in measurable terms | The company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms. |

**Item No. 4**

Mr. Manoj Mohanka, (DIN: 00128593) was appointed as an Additional Director (Independent Director) of the Company by the Board of Directors on and with effect from 11th November, 2019 pursuant to the provisions of Section 149, 161, Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Schedule IV of Companies Act, 2013 and other application provisions (including any modification or re-enactment thereof), if any, read with Reg.16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, who holds office upto the date of this Annual General Meeting.

The Company has received from Mr. Manoj Mohanka (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Manoj Mohanka fulfills the conditions specified in the Act and the Listing Regulations for such appointment and he is independent of the Management. He does not hold any shares in the Company in his individual capacity or on a beneficial basis for any other person.

The resolution seeks the approval of the shareholders for the appointment of Mr. Manoj Mohanka as an Independent Director of the Company to hold office for a period of a period of 05 (five) years with effective from 11th November, 2019 and shall not be liable to retire by rotation.

Except Mr. Manoj Mohanka, being the appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

The Board recommends passing of the Resolution at Item No. 4 of the Notice as an Ordinary Resolution.

**Details of the Director seeking appointment / re-appointment at the 31<sup>st</sup> 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<br>(DIN: 00003565)                  | Mr. Manoj Mohanka<br>(DIN: 00128593)  |
|---|---|---|
| Age   | 65 Years  | 56 Years  |
| Nationality   | Indian  | Indian  |
| Qualification                                       | Post Graduate in economics from University of Bangalore | He holds a Master Degree in Strategic Marketing from National University of Ireland, Chevening Scholar from London School of Economics. |
| Nature of Expertise/ Experience                     | General Management & Administration                     | Strategic Marketing, Business Management, Business Strategy and Corporate Planning.   |
| Date of first appointment to the Board              | 04 <sup>th</sup> January, 1994                          | 11 <sup>th</sup> November, 2019   |
| Terms and Conditions of Appointment/ Re-appointment | Non-executive Director liable to retire by rotation.    | Appointment as Independent Director for a period of 5 (five) years w.e.f. 11 <sup>th</sup> November, 2019                               |

|   |   |  |
|---|---|--|
| Remuneration last drawn in the FY 2019-20                   | Nil   | Sitting Fees of Rs.9,000/-   |
| Remuneration proposed to be paid.                           | Nil   | Sitting Fees to be paid for attending meetings of the Board and Committees.  |
| Number of Equity shares held in the company                 | 89,85,962   | Nil  |
| Inter-se relationship with other Directors/KMP              | Related to Mr. Venkatesh Rajagopal (Chairman) and Mr. Vidyuth Rajagopal (Managing Director) | Not related to any Director / Key Managerial Personnel   |
| No of Board Meetings attended and held during the year      | 5/6   | 2/3  |
| Name(s) of other entities in which holding of directorship  | a) Indian Terrain Fashions Limited  | a) India Carbon Limited.<br>b) Titagarh Wagons Limited.<br>c) Charismatic Media Investment Private Limited.<br>d) Artevea Digital India Private Limited.<br>e) Indian Terrain Fashions Limited.  |
| Chairpersonship/ Membership in committees of other Entities | Indian Terrain Fashions Limited<br>• Chairperson - CSR Committee                            | India Carbon Limited<br>• Member of Audit Committee & Nomination Remuneration Committee.<br>Titagarh Wagons Limited<br>• Chairman of Stakeholders relationship Committee.<br>• Member of Audit Committee & Nomination Remuneration Committee.<br>Indian Terrain Fashions Limited<br>• Member of Audit Committee & Nomination Remuneration Committee. |

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

Place: Chennai  
Date: 21<sup>st</sup> August, 2020

A Rishi Kumar  
Company Secretary



## BOARD'S REPORT

### Dear Members,

The Directors have pleasure in presenting the Board's Report along with the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020.

### FINANCIAL SUMMARY

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

(Rs. In Crores)

| Particulars                                    | FY 2019-20 | FY 2018-19 |
|--|------------|------------|
| Revenue From operations                        | 232.50     | 231.39     |
| EBITDA   | 18.56      | 16.36      |
| Interest Cost                                  | 8.06       | 7.27       |
| Profit / (Loss) before depreciation and tax    | 10.50      | 9.09       |
| Depreciation                                   | 9.30       | 5.85       |
| Profit/ (Loss) before exceptional item and tax | 1.20       | 3.24       |
| Exceptional Item                               | 15.64      | -          |
| Provision for Taxation                         | -          | -          |
| Profit / (Loss) after tax                      | 16.84      | 3.24       |
| Other Comprehensive Income                     | (0.91)     | (0.93)     |
| Total Comprehensive Income                     | 15.93      | 2.31       |
| Earnings per Share (In Rs.)                    | 3.34       | 0.69       |

### PERFORMANCE REVIEW

The Company has turned in a satisfactory performance in the year 2019-20 with net Revenue from operations at Rs.232.50 reflecting marginal increase ~ 0.50 percent rise vis-à-vis Rs.231.39 crs recorded in the previous year. The Operating EBITDA stood at Rs.18.56 crs against Rs.16.36 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 51.98 % as against 52.63 % in the previous year.

### Employee Costs

Though the manpower cost is up by 9.17% in absolute terms, it is 25.8% to revenues as against 23.7 % 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. The reason for higher depreciation during the year compared to previous year is, Company has adopted Ind AS-116 as stipulated by accounting standards

### Finance Costs

The company has settled the Term loans availed from bank out of the proceeds of the sale of investment property during the year. Increase in finance costs compared to previous year is due accounting leases under IndAS-116 as stipulated accounting standards

### Profit before tax and net profits

The profits before exceptional item is Rs.0.29 crores as against Rs.2.31 crores in the previous year.

The net profit after accounting for exceptional item is Rs.15.93 crores during the year as against Rs.2.31 crores in the previous year.

### CHANGES TO SHARE CAPITAL

The paid-up Equity Share Capital as on March 31, 2020 was Rs. 47,76,80,050/- divided into 4,77,68,005 Equity Shares of Face Value of Rs.10/- (Rupee Ten Only) each. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights.

The paid-up preference Share Capital as on March 31, 2020 was Rs. 25,10,45,000/- divided into 2,51,04,500 1% Cumulative Redeemable Preference shares of Rs.10/- (Rupees Ten Only) each.

### 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 31<sup>st</sup> March, 2020.

### TRANSFER TO RESERVES

The Company has not transferred any amount to general reserve for the financial year ended 31<sup>st</sup> March, 2020.

### 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.

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.

Effective 01st April 2019, the company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively and has recognized the effect of the cumulative adjustment in the opening retained earnings, on the date of initial application (01 April 2019). Accordingly previous year results have not been restated. Company has chosen to create right to use asset at an amount equal to lease liability as on date of initial application. There has been no adjustment to opening retained earnings.

During the year the Company has sold its investment property and the proceeds of the sale has been utilized for settling the term loans availed from bank.

### DEPOSITS

During FY 2019-20, the Company did not accept any deposit within the meaning of Sections 73 and 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31<sup>st</sup> March, 2020.

### 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, 2020 forms part of this Annual Report.

### COVID-19 IMPACT

The outbreak of COVID-19 across globe and India has resulted in pandemic. The central and state government has imposed lockdown from 24 March 2020 to prevent the spread. The Company has shut down factories / office and operational activities, impacting the business during the 4th quarter. However, this does not affect the going concern status of the Company.

### 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](http://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 2** 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. The Code of Conduct is available on the Company's website: [www.celebritygroup.com](http://www.celebritygroup.com).

All members of the Board and senior management personnel have affirmed compliance to the Code as on March 31, 2020.

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 and can be accessed through the website [www.celebritygroup.com](http://www.celebritygroup.com).

### 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](http://www.celebritygroup.com).

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### Directors:

#### Resignations

Mr. P.S. Raman, Independent Director, resigned from the Board of the Company effective 07th November, 2019 due to his professional engagement. He confirmed that there were no other material reasons for his resignation other than the one stated above.

#### Appointment/Re-appointment

During the year, the board, at its meeting held on 11th November, 2019, based on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Manoj Mohanka as Additional Director (Independent Category) with effect from 11th November, 2019 to hold office for a term of 5 (five) years.

Mrs. Rama Rajagopal, Non-Executive Director, retires by rotation and, being eligible, has offered herself for re-appointment. Based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the re-appointment of Mrs. Rama Rajagopal as director, liable to retire by rotation.

The Board recommends the aforementioned appointments for approval of the members at the ensuing AGM. Brief resume, expertise in specific functional areas, names of listed companies in which the above-named directors hold directorships, committee memberships/ chairmanships, disclosure of relationships between directors inter-se, shareholding etc., are furnished in notice of the ensuing AGM.

#### 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 31<sup>st</sup> March, 2020 there were no pending options to be vested or exercised.

#### STATEMENT OF DECLARATION ON INDEPENDENCE GIVEN BY INDEPENDENT DIRECTORS

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under the Act and the Listing Regulations and they have registered their names in the Independent Directors' Databank.

#### 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 3** to this Annual Report. The Annual Return has been hosted on the website of the Company, viz. [www.celebritygroup.com](http://www.celebritygroup.com).

#### NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 6 (six) times during the financial year 2019-20 i.e., 20th May 2019, 27th June, 2019, 13th August 2019, 11th November, 2019, 10th February 2020 and 17th February 2020. 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;

- e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- f) 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 to 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**

During the year under review, the Company has not made any investment. Further, the Company has not given any loans or corporate guarantee or provided any security during the year.

#### **MATERIAL CHANGES & COMMITMENTS**

There have been 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 46 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](http://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 2019-20.

The Secretarial Audit Report issued by M/s. BP & Associates, Secretarial Auditors for the Financial Year ended 31st March 2020 is annexed with the report as Annexure 4. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark

##### **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 2019-20.

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.

#### REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

#### 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 1 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 1 which forms part of this Annual Report. Pursuant to the provisions of the Section 136(1) of the Companies Act, 2013, the reports and accounts, as set out therein, are being sent to all members of the Company, excluding the aforesaid information and the same is open for inspection at the registered office of the Company during working hours upto the date of Annual General Meeting.

#### INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the financial year 2019-20, 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, 2020, 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 2020, 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 2019-20.

#### 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) | : ₹190.36 Crs |
| b. Total Foreign exchange outgo              | : ₹ 41.27 Crs |

#### HUMAN RESOURCES AND EMPLOYEE RELATIONS

The Board of Directors commends the continued dedication of all its employees. Details of Human Resources and Employee Relations and matters incidental there to are provided in the Management Discussion and Analysis Report.

#### SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively.

#### ACKNOWLEDGEMENT

We wish to place on record our sincere appreciation for the support received from Central and State Government Departments, organizations and agencies. We would also like to 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. We also express 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

**Venkatesh Rajagopal**

Chairman

(DIN: 00003625)

Place: Chennai

Date: 25<sup>th</sup> June, 2020

**ANNEXURE - 1 TO BOARD'S REPORT**
**A. Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

a) Ratio of remuneration of each director to the median remuneration of all the employees of the company for the financial year 2019-20:

| Name of Director(s) | Designation       | Ratio of remuneration of Director to the Median remuneration |
|---------------------|-------------------|--|
| Venkatesh Rajagopal | Chairman          | Nil  |
| Rama Rajagopal      | Director          | Nil  |
| Vidyuth Rajagopal   | Managing Director | 29   |

b) Percentage increase in the remuneration of Directors, Chief Financial Officer and Company Secretary for the financial year 2019-20 is as follows:

| Name of Director(s) | Designation             | % increase |
|---------------------|-------------------------|------------|
| Venkatesh Rajagopal | Chairman                | -          |
| Rama Rajagopal      | Director                | -          |
| Vidyuth Rajagopal   | Managing Director       | 48.33%     |
| S. Venkataraghavan  | Chief Financial Officer | 9.18%      |
| A. Rishi Kumar      | Company Secretary       | 8.00%      |

c) **Percentage increase in the median remuneration of all employees in the financial year 2019-20 : 6.56%**

d) **Number of permanent employees on the rolls of the company as on 31st March 2020 : 3134**

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 21.8 % for Managerial Personnel (KMP & Senior Management) & 8 % for employees other than Managerial Personnel.

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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.

**B. Information as per Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) The Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 forming part of the Board's Report for the financial year ended 31st March, 2020 : Not Applicable**

For and on behalf of the Board

**Venkatesh Rajagopal**

Chairman

(DIN: 00003625)

Place: Chennai

Date: 25<sup>th</sup> June, 2020

**ANNEXURE - 2 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)**

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 thereto.

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   | 13 <sup>th</sup> 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

**Venkatesh Rajagopal**

Chairman

(DIN: 00003625)

Place: Chennai

Date: 25<sup>th</sup> June, 2020



**ANNEXURE – 3 TO BOARD'S REPORT**

**Form No. MGT- 9**  
**EXTRACT OF ANNUAL RETURN**  
*as on the financial year ended on 31<sup>st</sup> March 2020*  
**[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                                    | Public Company / Limited by Shares  |
| V   | Address of the Registered Office and Contact Details                      | SDF-IV & C2, 3rd Main Road, MEPZ-SEZ,<br>Tambaram, Chennai - 600 045<br>Ph No.044-4343 2200;<br>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<br>C 101, 247 Park, L.B.S Marg,<br>Vikhroli (West), Mumbai-400 083<br>Phone No.022- 49186000   Fax No.022 49186060<br>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<br>(As on 01.04.2019) |          |                 |                   | No. of Shares held at the end of the year<br>(As on 31.03.2020) |          |                 |                   | %Change during the year |  |
|---|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|-------------------------|--|
|   | Demat   | Physical | Total           | % of Total Shares | Demat   | Physical | Total           | % of Total Shares |                         |  |
| <b>A. Promoters</b>                                     |   |          |                 |                   |   |          |                 |                   |                         |  |
| <b>(1) Indian</b>                                       |   |          |                 |                   |   |          |                 |                   |                         |  |
| a) Individuals/HUF                                      | 19976325  | -        | 19976325        | 41.82             | 19976325  | -        | 19976325        | 41.82             | 0.00                    |  |
| b) Central Govt.  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| c) State Govts  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| d) Bodies Corporate                                     | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| e) Banks/FI   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| f) Any other  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| <b>Sub-Total (A)(1)</b>                                 | <b>19976325</b>   | <b>-</b> | <b>19976325</b> | <b>41.82</b>      | <b>19976325</b>   | <b>-</b> | <b>19976325</b> | <b>41.82</b>      | <b>0.00</b>             |  |
| <b>(2) Foreign</b>                                      |   |          |                 |                   |   |          |                 |                   |                         |  |
| a) NRI-Individuals                                      | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| b) Other Individuals                                    | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| c) Bodies Corporate                                     | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| d) Banks/FI   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| e) Any other  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                       |  |
| <b>Sub-Total (A)(2)</b>                                 | <b>-</b>  | <b>-</b> | <b>-</b>        | <b>-</b>          | <b>-</b>  | <b>-</b> | <b>-</b>        | <b>-</b>          | <b>-</b>                |  |
| <b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b> | <b>19976325</b>   | <b>-</b> | <b>19976325</b> | <b>41.82</b>      | <b>19976325</b>   | <b>-</b> | <b>19976325</b> | <b>41.82</b>      | <b>0.00</b>             |  |



| <b>B. Public Shareholding</b>  |                 |            |                 |               |                 |            |                 |               |             |
|--|-----------------|------------|-----------------|---------------|-----------------|------------|-----------------|---------------|-------------|
| <b>1) Institutions</b>   |                 |            |                 |               |                 |            |                 |               |             |
| 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         | 9.56          | 4565000         | -          | 4565000         | 9.56          | 0.00        |
| g) Foreign Venture Capital Investors   | -               | -          | -               | -             | -               | -          | -               | -             | -           |
| h) Qualified Foreign Investor  | -               | -          | -               | -             | -               | -          | -               | -             | -           |
| i) Others  | -               | -          | -               | -             | -               | -          | -               | -             | -           |
| <b>Sub-Total (B)(1)</b>  | <b>4565000</b>  | <b>-</b>   | <b>4565000</b>  | <b>9.56</b>   | <b>4565000</b>  | <b>-</b>   | <b>4565000</b>  | <b>9.56</b>   | <b>0.00</b> |
| <b>2) Non-institutions</b>   |                 |            |                 |               |                 |            |                 |               |             |
| a) Bodies Corporate  | 2831158         | 0          | 2831158         | 5.93          | 2574867         | 0          | 2574867         | 5.39          | (0.54)      |
| b) Individuals   |                 |            |                 |               |                 |            |                 |               |             |
| i. Individual shareholders holding nominal share capital up to Rs 1 lakh           | 6668687         | 165        | 6668852         | 13.96         | 6412727         | 165        | 6412892         | 13.43         | (0.53)      |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 12216974        | 0          | 12216974        | 25.58         | 12712133        | 0          | 12712133        | 26.61         | 1.03        |
| c) NBFC registered with RBI  | 300             | -          | 300             | 0.00          | -               | -          | -               | -             | -           |
| d) Clearing Members  | 113789          | 0          | 113789          | 0.24          | 42909           | 0          | 42909           | 0.09          | 0.15        |
| e) Hindu Undivided Family  | 841014          | 0          | 841014          | 1.76          | 825781          | 0          | 825781          | 1.73          | (0.03)      |
| f) Non Resident Indians  | 550727          | 0          | 550727          | 1.15          | 655457          | 0          | 655457          | 1.37          | 0.22        |
| g) Foreign Companies   | -               | -          | -               | -             | -               | -          | -               | -             | -           |
| h) Office bearers  | 3831            | 0          | 3831            | 0.01          | 2606            | 0          | 2606            | 0.01          | 0.01        |
| i) Trusts  | 35              | -          | 35              | 0.00          | 35              | -          | 35              | 0.00          | 0.00        |
| <b>Sub-Total (B)(2)</b>  | <b>23226515</b> | <b>165</b> | <b>23226680</b> | <b>48.62</b>  | <b>23226515</b> | <b>165</b> | <b>23226680</b> | <b>48.62</b>  | <b>0.00</b> |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                                | <b>27791515</b> | <b>165</b> | <b>27791680</b> | <b>58.18</b>  | <b>27791515</b> | <b>165</b> | <b>27791680</b> | <b>58.18</b>  | <b>0.00</b> |
| C. Shares held by Custodians for GDRs & ADRs                                       | -               | -          | -               | -             | -               | -          | -               | -             | -           |
| <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>47767840</b> | <b>165</b> | <b>47768005</b> | <b>100.00</b> | <b>47767840</b> | <b>165</b> | <b>47768005</b> | <b>100.00</b> | <b>0.00</b> |

(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                                  | 22.94                            | 13.71  | 10957617                            | 22.94                            | 13.71   | 0.00                                      |
| 2     | Rama Rajagopal      | 8985962                                   | 18.81                            | 13.71  | 8985962                             | 18.81                            | 13.71   | 0.00                                      |
| 3     | Vidyuth Rajagopal   | 32000                                     | 0.07                             | 0.00   | 32000                               | 0.07                             | 0.00  | 0.00                                      |
| 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                                      |
|       | <b>Total</b>        | <b>19976325</b>                           | <b>41.82</b>                     | <b>27.42</b>                                     | <b>19976325</b>                     | <b>41.82</b>                     | <b>27.42</b>                                    | <b>0.00</b>                               |

(iii) Change in Promoters' Shareholding

There was no change in shareholding of Promoter during the financial year ended March 31, 2020.

**(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 - 2019 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2020 |                                  |
|-------|--|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
|       |  | 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     | <b>CHARATH RAM NARSIMHAN</b>                 | 4531315  | 9.49                             |                              |               | 4531315   | 9.49                             |
|       | At the end of the year                       |  |                                  |                              |               | 4531315   | 9.49                             |
| 2     | <b>LEMAN DIVERSIFIED FUND</b>                | 2465000  | 5.16                             |                              |               | 2465000   | 5.16                             |
|       | At the end of the year                       |  |                                  |                              |               | 2465000   | 5.16                             |
| 3     | <b>DAVOS INTERNATIONAL FUND</b>              | 2100000  | 4.40                             |                              |               | 2100000   | 4.40                             |
|       | At the end of the year                       |  |                                  |                              |               | 2100000   | 4.40                             |
| 4     | <b>BENNETT, COLEMAN AND COMPANY LIMITED</b>  | 1316818  | 2.76                             |                              |               | 1316818   | 2.76                             |
|       | At the end of the year                       |  |                                  |                              |               | 1316818   | 2.76                             |
| 5     | <b>DHARMESH BHAVANJI HARIA</b>               | 475001   | 0.99                             |                              |               | 475001  | 0.99                             |
|       | Purchase                                     |  |                                  | 29 Jun 2019                  | 7             | 475008  | 0.99                             |
|       | Purchase                                     |  |                                  | 26 Jul 2019                  | 108037        | 583045  | 1.22                             |
|       | Purchase                                     |  |                                  | 02 Aug 2019                  | 93594         | 676639  | 1.41                             |
|       | Purchase                                     |  |                                  | 09 Aug 2019                  | 8861          | 685500  | 1.43                             |
|       | Purchase                                     |  |                                  | 13 Sep 2019                  | 5004          | 690504  | 1.44                             |
|       | Purchase                                     |  |                                  | 08 Nov 2019                  | 33495         | 723999  | 1.51                             |
|       | Purchase                                     |  |                                  | 15 Nov 2019                  | 1             | 724000  | 1.51                             |
|       | Purchase                                     |  |                                  | 31 Dec 2019                  | 12804         | 736804  | 1.54                             |
|       | Purchase                                     |  |                                  | 10 Jan 2020                  | 196           | 737000  | 1.54                             |
|       | Sale   |  |                                  | 13 Mar 2020                  | (57794)       | 679206  | 1.42                             |
|       | At the end of the year                       |  |                                  |                              |               | 679206  | 1.42                             |
| 6     | <b>ANLAGE INFOTECH INDIA PRIVATE LIMITED</b> | 645791   | 1.35                             |                              |               | 645791  | 1.35                             |
|       | Purchase                                     |  |                                  | 22 Nov 2019                  | 15143         | 660934  | 1.38                             |
|       | At the end of the year                       |  |                                  |                              |               | 660934  | 1.38                             |
| 7     | <b>JITENDRA H PANJABI</b>                    | 530000   | 1.11                             |                              |               | 530000  | 1.11                             |
|       | At the end of the year                       |  |                                  |                              |               | 530000  | 1.11                             |
| 8     | <b>NILESHKUMAR PANDYA</b>                    | 329842   | 0.69                             |                              |               | 329842  | 0.69                             |
|       | At the end of the year                       |  |                                  |                              |               | 329842  | 0.69                             |
| 9     | <b>NAEEM ABDUL KADIR CHOUGLE</b>             | 201620   | 0.42                             |                              |               | 201620  | 0.42                             |
|       | Purchase                                     |  |                                  | 02 Aug 2019                  | 60166         | 261786  | 0.54                             |
|       | Purchase                                     |  |                                  | 09 Aug 2019                  | 8757          | 270543  | 0.57                             |
|       | At the end of the year                       |  |                                  |                              |               | 270543  | 0.57                             |
| 10    | <b>M.NEELA REDDY</b>                         | 270716   | 0.57                             |                              |               | 270716  | 0.57                             |
|       | Sale   |  |                                  | 13 Mar 2020                  | (446)         | 270270  | 0.57                             |
|       | At the end of the year                       |  |                                  |                              |               | 270716  | 0.57                             |

**(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     | <b>Venkatesh Rajagopal - Chairman &amp; Director</b>                 |   |                                  |   |                                  |
|       | At the beginning of the year   | 10957617                                  | 22.94                            |   |                                  |
|       | Date wise increase (+) / decrease (-) with reasons, during the year. | -   | -                                | -                                       | -                                |
|       | At the end of the Year   |   |                                  | 10957617                                | 22.94                            |
| 2     | <b>Rama Rajagopal – Director</b>                                     |   |                                  |   |                                  |
|       | At the beginning of the year   | 8985962                                   | 18.81                            |   |                                  |
|       | Date wise increase (+) / decrease (-) with reasons, during the year. | -   | -                                | -                                       | -                                |
|       | At the end of the Year   |   |                                  | 8985962                                 | 18.81                            |
| 3     | <b>Vidyuth Rajagopal – Managing Director</b>                         |   |                                  |   |                                  |
|       | At the beginning of the year   | 32000                                     | 0.07                             |   |                                  |
|       | Date wise increase (+) / decrease (-) with reasons, during the year. | -   | -                                | -                                       | -                                |
|       | At the end of the Year   |   |                                  | 32000                                   | 0.07                             |
|       | At the end of the Year   | -   | -                                | -                                       | -                                |

Other than the above, no other Director and Key Managerial Personnel held any share in the Company either at the beginning of the financial year, during the financial year or as at the financial year ended March 31, 2020.

**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 |
|---|----------------------------------|-----------------|-------------|--------------------|
| <b>Indebtedness at the beginning of the financial year (as on 01.04.2019)</b> |                                  |                 |             |                    |
| 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               |
| <b>Total(i+ii+iii)</b>  | <b>9140.12</b>                   | <b>0.00</b>     | <b>0.00</b> | <b>9140.12</b>     |
| <b>Change in Indebtedness during the financial year</b>                       |                                  |                 |             |                    |
| Addition  | 0.00                             | 0.00            | 0.00        | 0.00               |
| Reduction   | 2357.30                          | 0.00            | 0.00        | 2357.30            |
| <b>Net Change</b>   | <b>2357.30</b>                   | <b>0.00</b>     | <b>0.00</b> | <b>2357.30</b>     |
| <b>Indebtedness at the end of the financial year (as on 31.03.2020)</b>       |                                  |                 |             |                    |
| i. Principal amount   | 6782.82                          | 0.00            | 0.00        | 6782.82            |
| 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               |
| <b>Total (i+ii+iii)</b>   | <b>6782.82</b>                   | <b>0.00</b>     | <b>0.00</b> | <b>6782.82</b>     |

**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. Vidyuth Rajagopal<br>(Managing Director) | Total Amount |
|-------|---|--|--------------|
| 1     | Gross Salary  |  |              |
|       | a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 | 44.50  | 44.50        |
|       | 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<br>-as % of profit<br>-others,Specify                                  | -  | -            |
| 5     | Others,please specify   | -  | -            |
|       | <b>Total (A)</b>  | <b>44.50</b>                                 | <b>44.50</b> |

**B. Remuneration to other directors:**

(Amount in Lakhs)

| Particulars of Remuneration                   | Name of Independent Directors |             |             |               | Total Amount |
|---|-------------------------------|-------------|-------------|---------------|--------------|
|   | N.K. Ranganath                | K. Sridhar  | Nidhi Reddy | Manoj Mohanka |              |
| <b>1. Independent Directors</b>               |                               |             |             |               |              |
| a) Fee for attending Board/Committee Meetings | 0.23                          | 0.22        | 0.05        | 0.09          | 0.59         |
| b) Commission                                 | -                             | -           | -           | -             | -            |
| c) Others, Please specify                     | -                             | -           | -           | -             | -            |
| <b>Total (1)</b>                              | <b>0.23</b>                   | <b>0.22</b> | <b>0.05</b> | <b>0.09</b>   | <b>0.59</b>  |
| <b>2. Other Non-Executive Directors</b>       |                               |             |             |               |              |
| a) Fee for attending Board/Committee Meetings | -                             | -           | -           | -             | -            |
| b) Commission                                 | -                             | -           | -           | -             | -            |
| c) Others, Please specify                     | -                             | -           | -           | -             | -            |
| <b>Total(2)</b>                               | <b>-</b>                      | <b>-</b>    | <b>-</b>    | <b>-</b>      | <b>-</b>     |
| <b>Total (B)=(1+2)</b>                        | <b>0.23</b>                   | <b>0.22</b> | <b>0.05</b> | <b>0.09</b>   | <b>0.59</b>  |

**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 | 23.32                   | 7.25              | 30.57        |
|       | 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<br>-as % of profit<br>-others, Specify                                 | -                       | -                 | -            |
| 5     | Others, please specify  | -                       | -                 | -            |
|       | <b>Total (C)</b>  | <b>23.32</b>            | <b>7.25</b>       | <b>30.57</b> |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment, compounding of offences for the year ending 31st March 2020.

For and on behalf of the Board

Place: Chennai  
Date: 25<sup>th</sup> June, 2020

**Venkatesh Rajagopal**  
Chairman  
(DIN: 00003625)

**ANNEXURE – 4 TO BOARD'S REPORT****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020****[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 authorised representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2020 generally 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, 2020 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 Bye-laws 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. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
  - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - f. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

- 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 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, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, issued by The Institute of Company Secretaries of India have been generally complied with.

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

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 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 is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We 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. Manoj Mohanka as an Additional Director (Independent Director) of the Company:**

Based on the recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 161, Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Schedule IV of Companies Act, 2013 and other application provisions (including any modification or re-enactment thereof), if any, read with Reg. 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Manoj Mohanka (DIN: 00128593) was appointed as an Additional Director (Independent Director) of the Company at the Board Meeting held on 11th November, 2019 and subject to the approval of the shareholders in the ensuing Annual General Meeting.

**2. Revision in remuneration payable to Mr. Vidyuth Rajagopal, Managing Director of the Company:**

Based on the recommended by the Nomination and Remuneration Committee, Board has increased the remuneration payable to Mr. Vidyuth Rajagopal, (DIN 07578471) Managing Director of the Company from Rs.2,50,000/- per month to Rs. 4,00,000 per month (including bonus), effective from 01st April 2019 to till the remaining period of his tenure i.e upto 07th August 2021 and subject to the approval of the shareholders in the ensuing Annual General Meeting.

**3. Resignation of Mr. Pattabi Sundar Raman (DIN: 00003606) Independent Director of the Company:**

Mr. Pattabi Sundar Raman (DIN: 00003606), Director (Independent Director) of the Company has resigned from the Board and various committees of the Board with effect from close of business hours on 07<sup>th</sup> November, 2019.

For **BP & Associates**  
Company Secretaries

**K. J. Chandra Mouli**  
Partner  
M No: 25315  
CP No: 15708  
UDIN:A025315B000374840

Date : 25<sup>th</sup> June 2020  
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 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. Wherever 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 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  
UDIN:A025315B000374840

Date : 25<sup>th</sup> June 2020  
Place: Chennai

**MANAGEMENT DISCUSSION & ANALYSIS**

**Global Economy:**

In 2019, the global economy grew 2.9% compared to 3.6% in 2018. The global output growth in 2019 is estimated to be the slowest since the global financial crisis of 2009, arising from a geographically broad-based decline in manufacturing activity and trade. Stabilising, yet uncertain, trade tensions between China and the USA have contributed to the decline of world output and trade.

The shock to the global economy from COVID-19 has been both faster and more severe than the 2008 global financial crisis (GFC) and even the Great Depression.

The IMF estimates the world economy to decline by 3% in CY 2020. The shape and speed of recovery in the United States ('US') and China will be the key to determining the nature and traction of the global economic recovery.

There is extreme uncertainty around the global growth forecast. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. Risks of a worse outcome predominate.

**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 and China with a share of 7% & 5% respectively. The top three absorbed 70% of world apparel in 2019, which, however, was a new historic low (was 84% back in 2005).

The global textile industry has seen current orders drop by 31% between the end of March and early April according to a survey by the International Textile Manufacturers Federation.

The global apparel market is expected to decline from \$672.3 billion in 2019 to \$659.7 billion in 2020 at a compound annual growth rate (CAGR) of -1.9%. The decline is mainly due to economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it.

European economy was already under stress for the last couple of years and countries like Italy and Spain, having been hit worst by the epidemic, will cause lower level of consumption than the US in 2020.

**Industry Overview:**

The global textile industry impacts nearly every human being on the planet. The industry is currently worth nearly US \$3 trillion and includes the production, refinement, and sale of both synthetic and natural fibers used in thousands of industries.

The global fast fashion market is expected to decline from \$35.8 billion in 2019 and to \$31.4 billion in 2020 at a compound annual growth rate (CAGR) of -12.32%. The decline is mainly due to economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it.

Given the globalized nature of the industry, companies and retailers must transport their goods and raw materials across many countries. Besides China, other countries play an important role as key hubs around which trade of fashion products takes place.

This is the case for the United States (as the most important retail market), and some European countries (such as Belgium, Germany, France and UK), with ports such as Rotterdam and Antwerp featuring prominently in this trade.

From a logistics point of view, the textile, apparel and garments industry is considered a time-sensitive industry. Irregularities in making goods reach a particular place at a specified location on time can lead to reduced (or no) profits for the textile owner.

In addition, clothing collections change quickly: their lifecycle is short (as perishable products) and their commercialization is characterized by strong seasonal peaks. In this sense, textile logistics are characterized by small stocks and short delivery times.

These goods and raw materials are usually transported using a combination of land, sea, and air. Within this trade logistics context, strong multimodal interlinkages are key to ensure Just in Time delivery.



E-commerce developments have further accentuated time-related logistics requirements, such as next day delivery, as well as the capacity of handling a large volume of returns and offering the possibility for manufacturers and dealers to check the location of their articles at any time.

#### Indian Textile Industry:

Indian Textiles and Apparels (T&A) industry, accounts for approximately 4% of the global T&A market. The T&A industry is one of the largest and the most important sectors for the Indian economy in terms of output, foreign exchange earnings and employment. The industry contributes approximately 7% to industrial output in value terms, 2% to the GDP and 15% to the country's export earnings.

The apparel industry is facing challenges such as increased bargaining power of buyers, cost-side pressures, and write-backs of export incentives booked previously which are impacting the profitability. Sustained pressure on liquidity due to delays in clearance of the government dues, will lead to operating profit of the apparel exporters to fall by 100-150 bps in this fiscal. It resulted in a moderation in debt coverage metrics and impacted smaller companies, with limited bargaining power with customers, modest liquidity cushion and less financial flexibility to absorb the impact.

India's apparel industry stands to lose shipments worth more than US\$3bn due to order cancellations and delays during the coronavirus pandemic, according to a survey garment exporters across the country.

Textile and clothing exports have dropped 6% during the 2019-2020 financial year, with a major fall in March.

According to data available, textile and clothing exports in 2018-2019 were worth \$35.9 billion and from April 2019 to March 2020 it was worth \$ 33.8 billion. In March 2020, exports fell 32.2% compared with the same period last year. Apparel exports, which were about \$16.1 billion in 2018-19, fell almost 4% to \$15.4 billion, with the March exports alone dropping almost 35% compared with the same month last year.

The pandemic has affected the majority of India's export market (the US and EU together constitute for approximately, 60% of the total apparel exports from India in value terms), causing order cancellations/deferral of order leading to inventory build-up and expectation of slower realization of export receivables leading to higher working capital requirements. Also, unsold stock with the industry players may soon run out of fashion for the next season which will add to the industry's burden.

Given the unfavourable demand scenario, textile firms may not utilise their full capacities or may undertake production cuts, thus bringing down the overall output of textiles during FY21.

Going forward the textile industry scenario will depend on how the situation evolves in the domestic and international markets and faster return to normalcy will enable the industry to curtail the damages and improve on its growth prospects.

#### 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 3134 employees as on 31st March 2020.

#### 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 2019-20       |               | FY 2018-19       |               |
|--|------------------|---------------|------------------|---------------|
|  | Amount (In Crs.) | % to Revenues | Amount (In Crs.) | % to Revenues |
| Revenue from operations  | 232.50           |               | 231.39           |               |
| Other Income   | (3.54)           |               | (1.24)           |               |
| Total revenues   | 228.96           |               | 230.15           |               |
| Cost of Materials  | 130.96           | 56.33%        | 124.69           | 53.89%        |
| Change in Inventories of Finished Goods & Work-in-Progress – (Inc) / Dec | (10.11)          | (4.35)%       | (2.92)           | (1.26)        |
| Employee Benefit Expenses  | 59.99            | 25.80%        | 54.95            | 23.75%        |
| Other Expenses   | 29.56            | 12.71%        | 37.07            | 16.02%        |
| Total Expenses   | 210.40           | 90.49%        | 213.79           | 92.39%        |
| EBITDA   | 18.56            | 7.98%         | 16.36            | 7.07%         |
| Depreciation   | 9.30             | 4.00%         | 5.85             | 2.53%         |
| Finance Costs  | 8.06             | 3.47%         | 7.27             | 3.14%         |
| Profit/ (Loss) before Tax before Exceptional Items                       | 1.20             | 0.52%         | 3.24             | 1.40%         |
| Exceptional Items - Expense / (Income)                                   | 15.64            | 6.73%         | 0                | 0.00%         |
| Profit / (Loss) before Tax after Exceptional Items                       | 16.84            | 7.24%         | 3.24             | 1.40%         |
| Tax Expense  | 0                | 0.00%         | 0                | 0.00%         |
| Other comprehensive Income   | (0.91)           | (0.39)%       | (0.93)           | (0.40)%       |
| Total comprehensive Income for the year                                  | 15.93            | 6.85%         | 2.31             | 1.00%         |

#### Profitability and Financial risks ratios:

| Ratios                 | Basis    | FY 2019-20 | FY 2018-19 |
|------------------------|----------|------------|------------|
| Operating Profit Ratio | In %     | 7.98%      | 7.07%      |
| Net Profit Ratio       | In %     | 6.85%      | 1.00%      |
| Debtor Turnover        | In Days  | 46.42      | 53.76      |
| Inventory Turnover     | In Days  | 89.89      | 78.57      |
| Current Ratio          | In Times | 1.03       | 1.00       |

#### 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

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 considers it essential to abide by the applicable laws and regulations in letter and spirit and is committed to the highest standards of corporate governance.

We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organisation. We conduct ourselves in the most equitable manner.

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, 2020, the Company's Board of Directors ('Board') comprises seven members, 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, 2020 is as under:

| Sr. No. | Name & (DIN) of Directors               | Category                             | Directorships in other Companies <sup>(*)</sup> | No of Committee positions held in other companies <sup>(**)</sup> |        |
|---------|---|--------------------------------------|---|---|--------|
|         |   |                                      |   | 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. N.K.Ranganath (DIN: 00004044)       | Independent & Non Executive Director | 2   | 2   | -      |
| 4       | Mrs. Nidhi Reddy (DIN: 00004081)        | Independent & Non Executive Director | -   | -   | -      |
| 5       | Mr. Vidyuth Rajagopal (DIN: 07578471)   | Managing Director                    | -   | -   | -      |
| 6       | Mr. K Sridhar (DIN: 02916536)           | Independent & Non Executive Director | 2   | -   | -      |
| 7       | Mr. Manoj Mohanka (DIN: 00128593)       | Independent & Non Executive Director | 5   | 1   | 3      |

### Notes:

\*Including Directorships held in Private Limited Companies, Section 8 Companies (as per Companies Act, 2013), Alternate Directorships and Directorships in entities incorporated outside India.

\*\*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 financial year 2019-20, six (06) Board meetings were held on 20th May 2019, 27th June 2019, 13th August 2019, 11th November 2019, 10th February 2020 and 17th February 2020. 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 Company provides teleconference/Video Conference facilities to Directors to participate in the meetings.

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 2019-20 |          | Attendance at 30 <sup>th</sup> AGM |
|-------------------------|--|----------|------------------------------------|
|                         | Held   | Attended |                                    |
| Mr. Venkatesh Rajagopal | 6  | 6        | Yes                                |
| Mrs. Rama Rajagopal     | 6  | 5        | No                                 |
| Mr. Vidyuth Rajagopal   | 6  | 6        | Yes                                |
| Mr. N.K.Ranganath       | 6  | 4        | Yes                                |
| Mrs. Nidhi Reddy        | 6  | 1        | No                                 |
| Mr. K Sridhar           | 6  | 5        | Yes                                |
| Mr. P.S. Raman*         | 3  | -        | No                                 |
| Mr. Manoj Mohanka**     | 3  | 2        | No                                 |

\*Mr. P.S. Raman resigned from the Board from the close of business hours on 07th November 2019.

\*\* Mr. Manoj Mohanka appointed as an Independent Director on the Board effective 11th November, 2019.

#### 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:

No Non-executive director holds shares and/or convertible instruments in the Company during the period under review.

#### Names of listed entity wherein Directors are holding position of Director & the category of Directorship as on 31st March 2020:

| Name of Directors       | Name of the Listed Company      | Category                                   |
|-------------------------|---------------------------------|--|
| Mr. Venkatesh Rajagopal | Indian Terrain Fashions Limited | Non Executive and Non-Independent Director |
| Mrs. Rama Rajagopal     | Indian Terrain Fashions Limited | Non Executive and Non-Independent Director |
| Mr. Vidyuth Rajagopal   | -                               | -  |
| Mr. N.K.Ranganath       | Indian Terrain Fashions Limited | Non-Executive and Independent Director     |
| Mrs. Nidhi Reddy        | -                               | -  |
| Mr. K Sridhar           | -                               | -  |
| Mr. Manoj Mohanka       | Indian Terrain Fashions Limited | Non-Executive and Independent Director     |
|                         | India Carbon Limited            | Non-Executive and Independent Director     |
|                         | Titagarh Wagons Limited         | Non-Executive and Independent Director     |

#### Familiarization programme for Independent Directors

On appointment of an individual as Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal familiarisation program including the presentation from the Chairman, Managing Director providing information relating to the Company, industry, business model of the Company, geographies in which Company operates, etc. The programme also provides awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme also provides information relating to the financial performance of the Company and budget and control process of the Company. The details of familiarization program can be accessed from the website of the Company [www.celebritygroup.com](http://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. N.K. Ranganath      | Board Service, Business Strategy, Corporate Planning and expertise in sales, marketing, finance, production and human resource disciplines.  |
| 5.    | Mrs. Nidhi Reddy        | Experience and Expertise in Human Resource discipline.   |
| 6.    | Mr. K. Sridhar          | Experience and Expertise in Human Resource disciplines.  |
| 7.    | Mr. Manoj Mohanka       | Strategic Marketing, Business Management, Business Strategy and Corporate Planning.  |

#### Resignation of Director(s):

Mr. P.S. Raman, Independent Director, resigned from the Board of the Company effective 07th November, 2019 due to his professional engagement. He confirmed that there were no other material reasons for his resignation other than the one stated above.

#### 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 and 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, 2020 is detailed below:

| Name of the Member(s)          | Designation | Meeting(s) |          |
|--------------------------------|-------------|------------|----------|
|                                |             | Held       | Attended |
| Mr. N.K. Ranganath             | Chairperson | 4          | 4        |
| Mr. Vidyuth Rajagopal          | Member      | 4          | 4        |
| Mrs. Nidhi Reddy               | Member      | 4          | -        |
| Mr. K. Sridhar                 | Member      | 4          | 4        |
| Mr. P.S. Raman <sup>1</sup>    | Member      | 2          | -        |
| Mr. Manoj Mohanka <sup>2</sup> | Member      | 1          | 1        |

<sup>1</sup>Mr. P.S. Raman ceased as a Member on 07th November, 2019.

<sup>2</sup>Mr. Manoj Mohanka was appointed a Member of the Audit Committee w.e.f 11th Nov 2019.

The Committee met 4 (four) times during the financial year 2019-20 on 20th May, 2019, 13th August, 2019, 11th November, 2019 and 10th February, 2020.

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 present at the 30th Annual General Meeting 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 |
| Mrs. Nidhi Reddy   | Member      | Independent, Non-executive Director |
| Mr. Manoj Mohanka* | Member      | Independent, Non-executive Director |

\* Mr. Manoj Mohanka was appointed as member of NRC at the Board Meeting held on 11th November 2019

#### 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:

- 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.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- 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.
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 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.

- 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<br>Chairperson | Mr. N.K. Ranganath<br>Member | Mrs. Nidhi Reddy<br>Member |
|--------------------------------|-------------------------------|------------------------------|----------------------------|
| 11 <sup>th</sup> November 2019 | Yes                           | Yes                          | -                          |

#### 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 thereof. The Company pays sitting fees of Rs. 2,500/- to all the non-executive directors for attending each meeting of the Board and Rs.1,500/- for each meeting of its committee thereof which is within the limits prescribed under the Companies Act, 2013.

During the financial year 2019-20, 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                             | 23,000  |
| Mr. K Sridhar                                  | 22,500  |
| Mrs. Nidhi Reddy                               | 5,000   |
| Mr. Manoj Mohanka                              | 9,000   |

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

| Name of the Director  | Salary (Rs. in Lakhs) | Retirement Benefits | Total (Rs. in Lakhs) | Tenure (No. of years)   |
|-----------------------|-----------------------|---------------------|----------------------|-------------------------|
| Mr. Vidyuth Rajagopal | 44.50                 | -                   | 44.50                | 3 years from 08.08.2018 |

Pursuant to the recommendation of the Nomination and Remuneration Committee, the board of directors of the Company at their meeting held on 11th November, 2019 has approved the revision in remuneration payable to Mr. Vidyuth Rajagopal, Managing Director from Rs.2,50,000/- per month to Rs. 4,00,000/- per month from 1st April 2019 upto the remaining period of his tenure.

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 Listing Regulations.

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

The Committee met once during the financial year 2019-20 on 10th February, 2020.

| Name of the Member(s) | Nature of Membership | Meetings |          |
|-----------------------|----------------------|----------|----------|
|                       |                      | Held     | Attended |
| Mr. N.K. Ranganath    | Chairman             | 1        | 1        |
| Mrs. Nidhi Reddy      | Member               | 1        | -        |
| Mr. Vidyuth Rajagopal | Member               | 1        | 1        |

**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: -**

- 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.
- To look into other related issues towards strengthening investors' relations.
- To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
- 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, 2019 to 31st March, 2020:**

| Sr. No. | Particulars of Complaints / Queries   | Received   | Redressed  | Pending as on 31.3.2020 |
|---------|---|------------|------------|-------------------------|
| 1.      | Non receipt of Share Certificates<br>- Direct from Shareholders<br>- Received from SEBI             | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil              |
| 2.      | Non receipt of Dividend /Interest Warrants<br>- Direct from Shareholders<br>- Received from SEBI    | Nil<br>Nil | Nil<br>Nil | Nil<br>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                     |
|         | <b>Total</b>  | 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 2019-20 on 10th February, 2020.

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 2019-20 is detailed below:

| Name of the Member(s)   | Nature of Membership | 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        |

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 10th February 2020, inter alia to discuss:

1. Evaluation of the performance of the Non Independent Directors and the Board of Directors as a Whole.
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. 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) | Date & Time                                    | Venue   | No. of Special resolution(s) passed |
|---------|--|---|-------------------------------------|
| 2018-19 | 30 <sup>th</sup> September, 2019 at 2.30 P.M.  | Registered Office, SDF – IV & C2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045 | Nil                                 |
| 2017-18 | 25 <sup>th</sup> September, 2018 at 02.30 P.M. | Registered Office, SDF – IV & C2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045 | 5                                   |
| 2016-17 | 25 <sup>th</sup> September, 2017 at 02.30 P.M. | Registered Office, SDF – IV & C2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045 | Nil                                 |

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

#### Postal Ballot

No postal ballot was conducted during the financial year 2019-20. There is no immediate proposal for passing any resolution through postal ballot.

#### 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](http://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](http://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

##### Day, Date and Time:

This Corporate Governance Report was taken on record by the Board in their meeting held on 25th June 2020. The date 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.

**Venue:** The Company is conducting AGM through Video Conferencing/Other Audio Visual Means as permitted under the various circulars issued by Ministry of Corporate Affairs.

**Financial Calendar:** 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020

**Dividend Payment Date:** Not Applicable

#### Listing on Stock Exchanges:

The equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Annual Listing fee for the financial year 2019-20 has been paid to BSE and NSE:

| Name and address of the Stock Exchange(s)  | Scrip Code |
|--|------------|
| BSE Limited (BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>Mumbai - 400 001.   | 532695     |
| National Stock Exchange of India Limited (NSE)<br>Exchange Plaza, C-1, Block G, Bandra Kurla Complex,<br>Bandra (E), Mumbai - 400 051. | CELEBRITY  |

The custodian charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year ended 31st March, 2020 has been paid within due date.

### Tentative Calendar for financial year ending 31st March, 2021

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, 2021 are as follows:

|  |                 |
|--|-----------------|
| First Quarter Results                  | September, 2020 |
| Second Quarter and Half yearly Results | November, 2020  |
| Third Quarter Results                  | February, 2021  |
| Fourth Quarter and Annual Results      | May, 2021       |

### Market Price Data

The monthly high and low prices of the Company's shares at BSE and NSE for the financial year ended 31<sup>st</sup> March 2020 are as follows:

(Share price in Rs.)

| Month(s) | BSE  |      |        | NSE  |      |         |
|----------|------|------|--------|------|------|---------|
|          | High | Low  | Volume | High | Low  | Volume  |
| Apr-19   | 9.50 | 8.16 | 32642  | 9.80 | 7.90 | 198880  |
| May-19   | 9.55 | 7.10 | 60661  | 9.50 | 6.95 | 279551  |
| Jun-19   | 8.36 | 5.80 | 89488  | 7.75 | 5.70 | 206408  |
| Jul-19   | 9.20 | 5.51 | 553717 | 9.30 | 5.35 | 1519657 |
| Aug-19   | 8.29 | 6.63 | 67363  | 8.35 | 6.60 | 440875  |
| Sep-19   | 7.50 | 6.75 | 21593  | 7.45 | 6.60 | 193156  |
| Oct-19   | 7.00 | 4.31 | 76636  | 6.90 | 4.20 | 216144  |
| Nov-19   | 7.09 | 5.30 | 104637 | 7.15 | 5.25 | 376225  |
| Dec-19   | 7.17 | 5.32 | 65881  | 7.35 | 5.20 | 270631  |
| Jan-20   | 7.35 | 5.95 | 44423  | 7.25 | 5.90 | 238512  |
| Feb-20   | 6.36 | 4.77 | 70138  | 6.25 | 4.65 | 254919  |
| Mar-20   | 5.80 | 3.70 | 134677 | 5.40 | 3.55 | 462615  |

Source: BSE and NSE Website

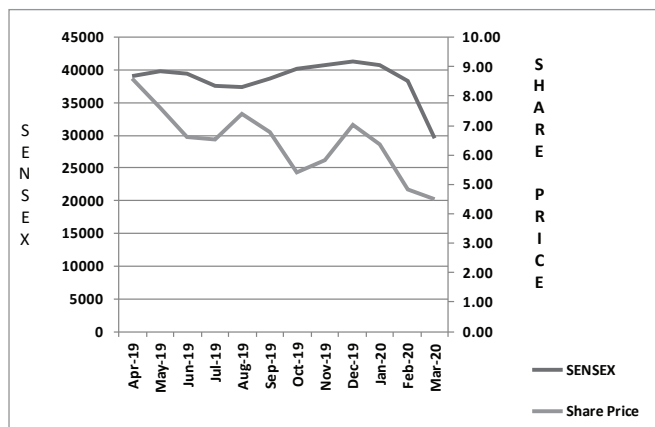
### Stock performance in comparison to broad-based indices:

The Chart below shows the comparison of the Company's share price movement on BSE & NSE vis-à-vis the movement of the BSE Sensex & NSE Nifty for the financial year ended 31st March, 2020 (based on month end closing):

#### 1. NSE Nifty



#### 2. BSE Sensex



#### Registrar and Share Transfer Agents

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

Link Intime India Private Limited  
 C - 101, 247 Park, L.B.S Marg,  
 Vikhroli (West),  
 Mumbai 400 083  
 Tel: + 91 22 2596 3838  
 Fax: + 91 22 2596 2691  
 Website: www.linkintime.co.in  
 E-mail: avani.shah@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.

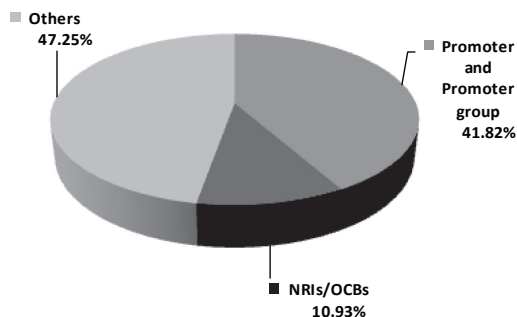
**Distribution of Shareholding:**

Distribution of Shareholding as on 31st March 2020 is as follows:

| Range              | No. of shareholders | % to total holders | No. of Shares   | Amount (Rs.)     | % to Capital  |
|--------------------|---------------------|--------------------|-----------------|------------------|---------------|
| 1-500              | 10144               | 78.30              | 1200740         | 12007400         | 2.51          |
| 501-1000           | 1137                | 8.78               | 975017          | 9750170          | 2.04          |
| 1001-2000          | 661                 | 5.10               | 1058981         | 10589810         | 2.22          |
| 2001-3000          | 272                 | 2.10               | 710760          | 7107600          | 1.49          |
| 3001-4000          | 118                 | 0.91               | 431268          | 4312680          | 0.90          |
| 4001-5000          | 137                 | 1.06               | 656083          | 6560830          | 1.37          |
| 5001-10000         | 248                 | 1.91               | 1927575         | 19275750         | 4.04          |
| Greater than 10000 | 238                 | 1.84               | 40807581        | 408075810        | 85.43         |
| <b>Grand Total</b> | <b>12955</b>        | <b>100.00</b>      | <b>47768005</b> | <b>477680050</b> | <b>100.00</b> |

**Shareholding Pattern as on 31st March 2020**

| Category of Shareholder(s)         | Total No. of Shares | % of Total No. of Shares |
|------------------------------------|---------------------|--------------------------|
| <b>Promoter and promoter group</b> |                     |                          |
| Promoter and promoter group        | 19976325            | 41.82                    |
| <b>Sub Total</b>                   | <b>19976325</b>     | <b>41.82</b>             |
| <b>NRIs/OCBs</b>                   |                     |                          |
| Non Resident Indians               | 655457              | 1.37                     |
| Foreign Portfolio Investor         | 4565000             | 9.56                     |
| <b>Sub Total</b>                   | <b>5220457</b>      | <b>10.93</b>             |
| <b>Others</b>                      |                     |                          |
| Clearing Members                   | 42909               | 0.09                     |
| Private Corporate Bodies           | 2574867             | 5.39                     |
| Public                             | 19125025            | 40.04                    |
| Others                             | 828422              | 1.73                     |
| <b>Sub Total</b>                   | <b>22571223</b>     | <b>47.25</b>             |
| <b>Total</b>                       | <b>47768005</b>     | <b>100.00</b>            |

**Category-wise Shareholding:**

**Dematerialization of Shares & liquidity**

As on 31st March 2020, 99.99% of total equity shares of the Company were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. 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:

- Demat account should be opened with a Depository Participant (DP).
- Shareholders should submit the Dematerialization Request Form (DRF) along with share certificates in original, to their DP.
- DP will process the DRF and will generate a Dematerialization Request Number (DRN).
- DP will submit the DRF and original share certificates to the Registrar and Transfer Agents (RTA), which is Link Intime India Private Limited.
- RTA will process the DRF and confirm or reject the request to DP/ depositories.
- 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**

The Company has no outstanding GDRs/ ADRs/Warrants as on 31st March 2020.

**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:**

- Plot C2, Phase II, MEPZ-SEZ, Tambaram, Chennai – 600045.
- No: 208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai 600100.

**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 2020 is as follows:

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

### OTHER DISCLOSURES:

#### Related Party Transactions

During FY 2019-20, 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 details of related party transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

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 2020. 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 2019-20 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 25th June, 2020.

### Non-mandatory requirements under Listing Regulations

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

- The Company's Financial Statements have been accompanied with unmodified audit opinion - both on quarterly and yearly basis.
- 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.

There were no instances, wherein the Board had not accepted recommendations made by any Committee of the Board.

### Details of utilization of funds raised through preferential allotment or qualified institutional placement :

The Company did not raise any funds through preferential allotment or qualified institutional placement that are unutilized.

### 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 |

Information relating to Directors seeking appointment/reappointment as required under Regulation 36(3) of Listing Regulations is given in the Notice of the ensuing 31st Annual General Meeting.

### Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year 2019-20

| 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                  |

**Equity shares in Unclaimed Suspense Account under Regulation 39 and Schedule VI of Listing Regulations.**

The details of Equity shares in Unclaimed Suspense Account under Regulation 39 and Schedule VI of Listing Regulations are as follows:

| 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, 2019 | NIL                 | NIL                  |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year  | NIL                 | NIL                  |
| 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 31st March 2020 | NIL                 | NIL                  |

**Certificate from Company Secretary in Practice:**

A certificate from Mr. **K.J. Chandra Mouli** of M/s. BP & Associates, Company Secretary in Practice has been attached with this Report stating 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 SEBI/Ministry of Corporate Affairs or any such statutory authority.

**Declaration on Compliance of the Company's Code of Conduct**

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31st March, 2020.

For Celebrity Fashions Limited

Date: 25<sup>th</sup> June, 2020  
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, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V 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, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic. 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 the 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 : 25th June 2020  
Place: Chennai

**K.J. CHANDRA MOULI**  
Partner  
M No: 25315  
CP No: 15708  
UDIN: A025315B000396994

**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 & C 2, Third Main Road, MEPZ - SEZ, Tambaram, Chennai – 600 045 (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 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, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic. We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 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 in Company* |
|---------|----------------------------------|----------|---------------------------------|
| 1       | Mr. Venkatesh Rajagopal          | 00003625 | 28-04-1988                      |
| 2       | Mrs. Rama Rajagopal              | 00003565 | 04-01-1994                      |
| 3       | Mr. Vidyuth Venkatesh Rajagopal  | 07578471 | 01-08-2016                      |
| 4       | Mr. Ranganath Nuggehalli Krishna | 00004044 | 06-09-2005                      |
| 5       | Mrs. Nidhi Reddy                 | 00004081 | 06-09-2005                      |
| 6       | Mr. Manoj Mohanka                | 00128593 | 11-11-2019                      |
| 7       | Mr. Krishnamurthy Sridhar        | 02916536 | 01-08-2016                      |

\*The date of appointment is as per the MCA Portal.

Ensuring the eligibility 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

Date : 25th June 2020  
Place: Chennai

**K.J.CHANDRA MOULI**  
Partner  
M No: 25315  
CP No: 15708  
UDIN: A025315B000374906

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **CELEBRITY FASHIONS LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **CELEBRITY FASHIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, and its profit and total comprehensive income, 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 Standalone 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 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.

**Emphasis of Matter**

We draw attention to Note No. 41 to the financial statements, which describes the uncertainties and the impact of the Covid-19 pandemic on the Company's operations and results as assessed by management. The actual results may differ from such estimates depending on future developments.

Our opinion is not modified in respect of this matter

**Material Uncertainty Related to Going Concern**

The Company has significant accumulated losses as at the date of the Balance Sheet. These events or conditions, along with other matters 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 financial statements of the Company have been prepared on a going concern basis. 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 26 & 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 judgement 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.

In calculating the Expected Credit Loss as per Ind AS 109 – "Financial Instruments", the Company has also considered the estimation of probable future customer default and has taken into account an estimation of possible effect from the pandemic relating to Covid-19.

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, 2020 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 46 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.

The judgment reflects that inventory is held to support Company's operations which results in the Company holding inventory for extended periods before utilization. In cases of disputes with land owners we have relied on Management Representation.

Physical Verification of Inventory was not conducted on 31st March 2020 owing to lock down, accordingly necessary Alternative Audit Procedures have been conducted to conclude that inventory is free of material misstatements. With respect to the Net Realizable value of Inventory the Company has provided Management Representations that there is no significant impact on account of Covid as all contracts are based on fixed prices.

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.

Based on the audit procedure performed, no material discrepancies were identified.

**f) Adoption of IND AS 116 – Leases**

As described in Note 5 to the financial statements, the Company has adopted Ind AS 116 - Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note No. 5 & 23 of financial statements.

Our audit procedures on adoption of Ind AS 116 include:

- Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116).
- Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;
- Evaluated the reasonableness of the discount rates applied in determining the lease liabilities.

Upon transition as at 1 April 2019:

- Evaluated the method of transition and related adjustments;
- Tested completeness of the lease data by reconciling the Company's operating lease commitments to data used in computing ROU asset and the lease liabilities.

On a statistical sample, we performed the following procedures:

- assessed the key terms and conditions of each lease with the underlying lease contracts; and



- evaluated computation of lease liabilities and challenged the key estimates such as, discount rates and the lease term.
- Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures

#### **Information Other than the Standalone 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 Standalone 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 Standalone 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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity 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.

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

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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.

Materiality is the magnitude of misstatements in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone financial statements.

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', 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 B".
- (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 directors 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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No. 46 to the Standalone Financial Statements;
  - 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
  - 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.015041S

V. Rajeswaran  
Partner

Date : 25th June 2020  
Place: Chennai

Membership No. 020881  
UDIN NO. : 20020881AAAADX1824

#### Annexure A to the Independent Auditor's Report

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

- 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.
  - Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification. However as on 31st March 2020 the physical verification was not conducted owing to Covid 19 lock down, the Company has employed necessary cut off procedures in this regard. Accordingly, necessary alternative Audit Procedures have been conducted to conclude that inventory is free of material misstatement.
- 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, Limited Liability Partnerships 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).
  - 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.
  - 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.
  - 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.
  - 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, 2020 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          |
| <b>Total</b>         |                    |   |  | <b>2,903,868</b> |

\* Relating to Income Tax dues of Partnership Firm Celebrity Connections

- 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.
- 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.
- 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 year.

- x. 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. Accordingly, clause xiv of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
- 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.015041S

Date : 25th June 2020  
Place: Chennai

V. Rajeswaran  
Partner  
Membership No. 020881  
UDIN NO. : 20020881AAAADX1824

## Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 (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 over Financial Reporting 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, 2020 in conjunction with our audit of the Standalone 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.

### Inherent 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, 2020, 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

Date : 25th June 2020  
Place: Chennai

V. Rajeswaran  
Partner  
Membership No. 020881  
UDIN NO. : 20020881AAAADX1824

**Balance Sheet as at 31st March 2020**

₹. In Crores

| Particulars  | Note No. | As at 31-Mar-20 | As at 31-Mar-19 |
|--|----------|-----------------|-----------------|
| <b>I ASSETS</b>  |          |                 |                 |
| <b>1 Non-Current Assets</b>                              |          |                 |                 |
| (a) Property, Plant & Equipments                         | 2        | 24.73           | 28.56           |
| (b) Other Intangible assets                              | 3        | 0.06            | 0.09            |
| (c) Investment property                                  | 4        | -               | 1.39            |
| (d) Right of use asset                                   | 5        | 14.51           | -               |
|  |          | <b>39.30</b>    | <b>30.04</b>    |
| (e) Financial assets                                     |          |                 |                 |
| (i) Loans  | 6        | 3.10            | 3.24            |
| (f) Income Tax Assets                                    | 7        | 3.30            | 3.06            |
|  |          |                 |                 |
| <b>Total Non-Current Assets</b>                          |          | <b>45.70</b>    | <b>36.34</b>    |
| <b>2 Current Assets</b>                                  |          |                 |                 |
| (a) Inventories  | 8        | 57.26           | 49.81           |
| (b) Financial assets                                     |          |                 |                 |
| (i) Trade receivables                                    | 9        | 29.57           | 34.08           |
| (ii) Cash and Cash equivalents                           | 10       | 0.24            | 2.09            |
| (iii) Bank balances other than Cash and Cash equivalents | 11       | 3.06            | 1.70            |
| (iv) Loans   | 6        | 0.21            | 0.18            |
| (v) Other Financial assets                               | 12       | 0.03            | 0.81            |
| (c) Other current assets                                 | 13       | 9.01            | 8.85            |
|  |          |                 |                 |
| <b>Total Current Assets</b>                              |          | <b>99.38</b>    | <b>97.52</b>    |
| <b>Total Assets</b>                                      |          | <b>145.08</b>   | <b>133.86</b>   |
| <b>II EQUITY AND LIABILITIES</b>                         |          |                 |                 |
| <b>1 Equity</b>  |          |                 |                 |
| (a) Share Capital  | 14       | 47.77           | 47.77           |
| <b>Other Equity</b>                                      |          |                 |                 |
| (a) Reserves and Surplus                                 | 15       | (38.10)         | (54.02)         |
| (b) Money received against Warrants                      | 16       | -               | -               |
|  |          |                 |                 |
| <b>Total Equity</b>                                      |          | <b>9.67</b>     | <b>(6.25)</b>   |
| <b>2 Liabilities</b>                                     |          |                 |                 |
| <b>Non-Current Liabilities</b>                           |          |                 |                 |
| (a) Financial liabilities                                |          |                 |                 |
| (i) Borrowings   | 17       | 26.74           | 42.69           |
| (ii) Lease liabilities                                   | 18       | 11.69           | -               |
| (b) Deferred tax liabilities (Net)                       | 19       | -               | -               |
| (c) Other non current liabilities                        | 20       | 0.20            | 0.23            |
|  |          |                 |                 |
| <b>Total Non-Current Liabilities</b>                     |          | <b>38.63</b>    | <b>42.92</b>    |

₹. In Crores

| Particulars                                | Note No. | As at 31-Mar-20 | As at 31-Mar-19 |
|--|----------|-----------------|-----------------|
| <b>Current Liabilities</b>                 |          |                 |                 |
| (a) Financial liabilities                  |          |                 |                 |
| (i) Borrowings                             | 21       | 41.09           | 45.80           |
| (ii) Lease liabilities                     | 18       | 4.71            | -               |
| (iii) Trade Payables                       |          |                 |                 |
| Due to Micro, Small and Medium Enterprises | 22       | 0.04            | 0.07            |
| Due to Others                              | 22       | 21.78           | 20.57           |
| (iv) Other Financial Liabilities           | 23       | 16.81           | 24.64           |
| (b) Other current liabilities              | 24       | 6.16            | 0.95            |
| (c) Short-term provisions                  | 25       | 6.19            | 5.16            |
| <b>Total Current Liabilities</b>           |          | <b>96.78</b>    | <b>97.19</b>    |
| <b>Total Liabilities</b>                   |          | <b>135.41</b>   | <b>140.11</b>   |
| <b>Total Equity and Liabilities</b>        |          | <b>145.08</b>   | <b>133.86</b>   |

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  
25 June 2020

**Statement of Profit and Loss for the year ended 31st March 2020**

₹ In Crores (except per share data)

| Particulars   | Note No. | For the Year Ended 31-Mar-20 | For the Year Ended 31-Mar-19 |
|---|----------|------------------------------|------------------------------|
| I Revenue from Operations   | 26       | 232.50                       | 231.39                       |
| II Other Income   | 27       | (3.54)                       | (1.24)                       |
| <b>III Total Revenues</b>   |          | <b>228.96</b>                | <b>230.15</b>                |
| <b>IV Expenses</b>  |          |                              |                              |
| a Cost of Materials   | 28       | 130.96                       | 124.69                       |
| b Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec | 29       | (10.11)                      | (2.92)                       |
| c Excise Duty Expenses  |          | -                            | -                            |
| d Employee Benefit Expenses   | 30       | 59.99                        | 54.95                        |
| e Other Expenses  | 31       | 29.56                        | 37.07                        |
| <b>Total Expenses</b>   |          | <b>210.40</b>                | <b>213.79</b>                |
| <b>V Earnings before Interest, Depreciation and Tax (III - IV)</b>          |          | <b>18.56</b>                 | <b>16.36</b>                 |
| f Finance Costs   | 32       | 8.06                         | 7.27                         |
| g Depreciation  | 33       | 9.30                         | 5.85                         |
|   |          | 17.36                        | 13.12                        |
| <b>VI Profit / (Loss) before Tax and Exceptional Items</b>                  |          | <b>1.20</b>                  | <b>3.24</b>                  |
| <b>VII Exceptional Item - Expense / (Income)</b>                            | 34       | 15.64                        | -                            |
| <b>VIII Profit / (Loss) before Tax after Exceptional Items</b>              |          | <b>16.84</b>                 | <b>3.24</b>                  |
| <b>IX Tax Expenses</b>  |          |                              |                              |
| a Current Tax Expense   |          | -                            | -                            |
| b Deferred Tax  |          | -                            | -                            |
| <b>Profit/ (Loss) after tax</b>   |          | <b>16.84</b>                 | <b>3.24</b>                  |
| <b>X Other comprehensive income</b>   |          |                              |                              |
| <b>Items that will not be reclassified to Profit or Loss</b>                |          |                              |                              |
| Remeasurement of post employment benefit obligations                        | 35       | (0.91)                       | (0.93)                       |
| Income tax relating to these items  |          |                              |                              |
| <b>Other Comprehensive Income (net of tax expense)</b>                      |          | <b>(0.91)</b>                | <b>(0.93)</b>                |
| <b>XI Total Comprehensive Income for the year</b>                           |          | <b>15.93</b>                 | <b>2.31</b>                  |
| <b>XII Earnings Per Share - In ₹ before Extra-Ordinary Item</b>             | 45       |                              |                              |
| Basic   |          | 3.34                         | 0.69                         |
| Diluted   |          | 3.34                         | 0.69                         |
| <b>XIII Earnings Per Share - In ₹ after Extra-Ordinary Item</b>             | 45       |                              |                              |
| Basic   |          | 3.34                         | 0.69                         |
| Diluted   |          | 3.34                         | 0.69                         |
| 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

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  
25 June 2020



**Statement of Cashflow for the year ending 31st March 2020**

₹ In Crores

| S No.    | Particulars  | Year ended 31-Mar-20 |                | Year ended 31-Mar-19 |                |
|----------|--|----------------------|----------------|----------------------|----------------|
| <b>A</b> | <b>Cashflow from Operating Activities</b>              |                      |                |                      |                |
|          | <b>Net Profit before Tax</b>                           |                      | <b>16.84</b>   |                      | <b>3.24</b>    |
|          | Adjustments for:                                       |                      |                |                      |                |
|          | Depreciation for the Year                              | 9.30                 |                | 5.85                 |                |
|          | Profit on sale of Land & Buildings                     | (15.64)              |                | -                    |                |
|          | Interest & Finance Charges paid                        | 8.06                 |                | 7.27                 |                |
|          | Government Grant                                       | (0.02)               |                | (0.07)               |                |
|          | Interest Income  | (0.19)               | 1.51           | (0.12)               | 12.93          |
|          | <b>Operating Profit before Working Capital Changes</b> |                      | <b>18.35</b>   |                      | <b>16.17</b>   |
|          | Adjustments for:                                       |                      |                |                      |                |
|          | Decrease / (Increase) in debtors and other receivables | 5.24                 |                | 0.53                 |                |
|          | Decrease / (Increase) in inventories                   | (7.46)               |                | (9.38)               |                |
|          | Increase / (Decrease) in creditors and other payables  | 1.57                 | (0.65)         | 7.44                 | (1.41)         |
|          | <b>Cash generated from Operations</b>                  |                      | <b>17.70</b>   |                      | <b>14.76</b>   |
|          | Income Taxes Refund / (Paid) (net)                     |                      | (0.24)         |                      | (0.15)         |
|          | <b>Net Cash from Operating Activities</b>              |                      | <b>17.46</b>   |                      | <b>14.61</b>   |
| <b>B</b> | <b>Cashflow from Investing Activities</b>              |                      |                |                      |                |
|          | (Purchase) / Sale of Fixed Assets - Net                | (0.08)               |                | (1.35)               |                |
|          | Gross proceeds from sale of investment property        | 17.03                |                | -                    |                |
|          | Increase in Restricted Cash Balances                   | -                    |                | 1.40                 |                |
|          | Increase in Fixed Deposits                             | (1.36)               |                | (1.48)               |                |
|          | Interest Received                                      | 0.19                 | 15.78          | 0.12                 | (1.31)         |
|          | <b>Net Cash (Used In) / from Investing Activities</b>  |                      | <b>15.78</b>   |                      | <b>(1.31)</b>  |
| <b>C</b> | <b>Cashflow from Financing Activities</b>              |                      |                |                      |                |
|          | Proceeds from issue of Share Capital                   | -                    |                | 2.50                 |                |
|          | Application Money Received                             | -                    |                | (0.63)               |                |
|          | Short Term Borrowings                                  | (4.71)               |                | (4.03)               |                |
|          | Term loan Receipts (Net)                               | (19.12)              |                | (2.65)               |                |
|          | Interest and Finance Charges paid                      | (7.81)               |                | (7.02)               |                |
|          | Principal repayment of lease liabilities               | (3.45)               |                | -                    |                |
|          | <b>Net Cash (Used In) / from Financing Activities</b>  |                      | <b>(35.09)</b> |                      | <b>(11.83)</b> |
|          | <b>Net Increase in Cash and Cash Equivalents</b>       |                      | <b>(1.85)</b>  |                      | <b>1.47</b>    |
|          | Cash and Cash Equivalents (Opening Balance)            |                      | 2.09           |                      | 0.62           |
|          | <b>Cash and Cash Equivalents (Closing Balance)</b>     |                      | <b>0.24</b>    |                      | <b>2.09</b>    |

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. Rajeswaran**

 Partner  
 Membership Number 020881

 Chennai  
 25 June 2020

**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 2018                    | 14   | 4,55,76,945        | 45.58        |
| Changes in equity share capital during the year |      | 21,91,060          | 2.19         |
| Balance as at 31 st March 2019                  |      | 4,77,68,005        | 47.77        |
| Changes in equity share capital during the year |      | -                  | -            |
| <b>Balance as at 31st March 2020</b>            |      | <b>4,77,68,005</b> | <b>47.77</b> |

**ii. Other Equity**

| Particulars                           | Note | Reserves and Surplus        |                      | Total          | Others<br>Money<br>Received<br>Against |
|---------------------------------------|------|-----------------------------|----------------------|----------------|--|
|                                       |      | Security<br>Premium Reserve | Retained<br>Earnings |                |  |
| Balance as at 31 st March 2018        | 15   | 2.98                        | (59.62)              | (56.65)        | 0.00                                   |
| 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           |      | -                           | -                    | -              | -                                      |
| <b>Balance as at 31 st March 2019</b> |      | <b>3.28</b>                 | <b>(57.31)</b>       | <b>(54.03)</b> | <b>0.00</b>                            |
| Balance as at 1st April 2019          | 15   | 3.28                        | (57.31)              | (54.03)        | -                                      |
| Profit for the period                 |      | -                           | 16.84                | 16.84          | -                                      |
| Other comprehensive income            |      | -                           | (0.91)               | (0.91)         | -                                      |
| Issue of Shares                       |      | -                           | -                    | -              | -                                      |
| Conversion of Warrants                |      | -                           | -                    | -              | -                                      |
| Dividends paid                        |      | -                           | -                    | -              | -                                      |
| Dividend distribution tax             |      | -                           | -                    | -              | -                                      |
| Transfer to general reserve           |      | -                           | -                    | -              | -                                      |
| <b>Balance as at 31 st March 2020</b> |      | <b>3.28</b>                 | <b>(41.38)</b>       | <b>(38.10)</b> | <b>0.00</b>                            |

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  
 25 June 2020

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, 2020**
**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 2020 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. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. 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 reported 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

*Till March 31, 2019*

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.

*With effective from April 1, 2019*

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate as a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,

- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Such modification is adjusted against the Right-of-use asset

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 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

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April 2019:

- i) Ind AS 116, Leases
- ii) Uncertainty over income tax treatments - Appendix C to Ind AS 12, Income Taxes
- iii) Plan amendment, Curtailment and Settlement - Amendments to Ind AS 19, Employee Benefits
- iv) Amendment to Ind AS 12, Income Taxes
- v) Amendment to Ind AS 23, Borrowing costs

The company adopted Ind AS 116 Leases standard, the impact of adoption has been disclosed as part of notes. Other amendments did not have any significant impact on the financial statements.

## Notes on Financial Statements for the year ended 31st March 2020

₹ 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, 2020 are as follows:

| Sl. No. | Asset Description         | Deemed Cost / Gross Block |             |                         |                 | Accumulated Depreciation |                                     |           |                 | Net Block    |              |
|---------|---------------------------|---------------------------|-------------|-------------------------|-----------------|--------------------------|-------------------------------------|-----------|-----------------|--------------|--------------|
|         |                           | As at 1-Apr-19            | Additions   | Deletions / Adjustments | As at 31-Mar-20 | As at 1-Apr-19           | Depreciation for the year 31-Mar-20 | Deletions | As at 31-Mar-20 | 31-Mar-20    | 31-Mar-19    |
| 1       | Land and Site Development | -                         | -           | -                       | -               | -                        | -                                   | -         | -               | -            | -            |
| 2       | Lease Hold Land           | -                         | -           | -                       | -               | -                        | -                                   | -         | -               | -            | -            |
| 3       | Buildings                 | 11.43                     | -           | -                       | 11.43           | 0.76                     | 0.23                                | -         | 0.99            | 10.44        | 10.67        |
| 4       | Plant & Machinery         | 25.54                     | 0.01        | -                       | 25.55           | 9.20                     | 2.76                                | -         | 11.96           | 13.59        | 16.34        |
| 5       | Electrical Installation   | 3.09                      | 0.02        | -                       | 3.11            | 2.24                     | 0.71                                | -         | 2.95            | 0.16         | 0.85         |
| 6       | Office Equipments         | 0.59                      | 0.02        | -                       | 0.61            | 0.13                     | 0.11                                | -         | 0.24            | 0.37         | 0.46         |
| 7       | Computers                 | 0.31                      | 0.02        | -                       | 0.33            | 0.17                     | 0.07                                | -         | 0.24            | 0.09         | 0.14         |
| 8       | Vehicles                  | -                         | -           | -                       | -               | -                        | -                                   | -         | -               | -            | -            |
| 9       | Furniture & Fixtures      | 0.26                      | -           | -                       | 0.26            | 0.17                     | 0.01                                | -         | 0.18            | 0.08         | 0.09         |
|         | <b>Total</b>              | <b>41.22</b>              | <b>0.07</b> | <b>-</b>                | <b>41.29</b>    | <b>12.67</b>             | <b>3.89</b>                         | <b>-</b>  | <b>16.56</b>    | <b>24.73</b> | <b>28.56</b> |

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, 2020 are as follows:

| Sl. No. | Asset Description | Deemed Cost / Gross Block |           |                         |                 | Accumulated Depreciation |                                     |           |                 | Net Block   |             |
|---------|-------------------|---------------------------|-----------|-------------------------|-----------------|--------------------------|-------------------------------------|-----------|-----------------|-------------|-------------|
|         |                   | As at 1-Apr-19            | Additions | Deletions / Adjustments | As at 31-Mar-20 | As at 1-Apr-19           | Depreciation for the year 31-Mar-20 | Deletions | As at 31-Mar-20 | 31-Mar-20   | 31-Mar-19   |
| 1       | Computer Software |                           |           |                         |                 |                          |                                     |           |                 |             |             |
|         | - Acquired        | 0.15                      | -         | -                       | 0.15            | 0.06                     | 0.03                                | -         | 0.09            | 0.06        | 0.09        |
|         | <b>Total</b>      | <b>0.15</b>               | <b>-</b>  | <b>-</b>                | <b>0.15</b>     | <b>0.06</b>              | <b>0.03</b>                         | <b>-</b>  | <b>0.09</b>     | <b>0.06</b> | <b>0.09</b> |

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, 2020 are as follows:

| Sl. No. | Asset Description | Deemed Cost / Gross Block |           |                         |                 | Accumulated Depreciation |                                     |             |                 | Net Block |             |
|---------|-------------------|---------------------------|-----------|-------------------------|-----------------|--------------------------|-------------------------------------|-------------|-----------------|-----------|-------------|
|         |                   | As at 1-Apr-19            | Additions | Deletions / Adjustments | As at 31-Mar-20 | As at 1-Apr-19           | Depreciation for the year 31-Mar-20 | Deletions   | As at 31-Mar-20 | 31-Mar-20 | 31-Mar-19   |
| 1       | Land              | 0.47                      | -         | 0.47                    | -               | -                        | -                                   | -           | -               | -         | 0.47        |
| 2       | Building          | 1.14                      | -         | 1.14                    | -               | 0.22                     | 0.03                                | 0.25        | -               | -         | 0.92        |
|         | <b>Total</b>      | <b>1.61</b>               | <b>-</b>  | <b>1.61</b>             | <b>-</b>        | <b>0.22</b>              | <b>0.03</b>                         | <b>0.25</b> | <b>-</b>        | <b>-</b>  | <b>1.39</b> |

**i. Fair Value**

| Sl.No. | Particulars         | 31-Mar-20 | 31-Mar-19 |
|--------|---------------------|-----------|-----------|
| 1      | Investment Property | -         | 14.48     |

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-20 | 31-Mar-19   |
|--------|---|-----------|-------------|
|        | <b>Rental Income</b>  |           |             |
| 1      | Direct operating expenses from property that generated rental income        | -         | 0.12        |
| 2      | Direct operating expenses from property that did not generate rental income | -         | -           |
|        | <b>Profit from investment properties before depreciation</b>                | <b>-</b>  | <b>0.12</b> |
|        | Depreciation  | -         | 0.03        |
|        | <b>Profit from investment properties</b>                                    | <b>-</b>  | <b>0.09</b> |

## 5.Right to use Asset

| Particulars   | Building     |
|---|--------------|
| Gross Block   |              |
| Opening/(On transition to Ind AS 116)                             | 20.83        |
| Additions during the year   | -            |
| (Deletions during the year due to modification of lease payments) | -0.98        |
| <b>Closing Balance during the year</b>                            | <b>19.85</b> |
| Amortisation  | -            |
| Additions   | 5.34         |
| Amortisation for the year   | 5.34         |
| <b>Closing Balance during the year</b>                            | <b>14.51</b> |

The company has generally leased building for factory, the lease period, ranges from 2-7 years, lease terms included for workings is the non-cancellable period and expected lease term.

Company has exercised the option of short term leases and low value asset exemption.

### Extension and termination options

Extension options has been included in a certain of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

### Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

For leases of factory building, the following are normally the most relevant:

- If there are significant penalties to terminate or not extend, the Company is typically reasonably certain to extend.
- If the leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend.
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or not exercised, or the Company becomes obliged to exercise or not exercise. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach with cumulative effect of initial application recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

- The company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.
- The company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.
- The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".
- The Company has excluded the initial direct costs from measurement of the right-of-use asset at the" date of transition.
- The company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of Rs.3.25 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising "Right-of-use asset" of Rs. 20.83 crores and a corresponding "Lease liability" of Rs. 20.83 crores as at the date of initial application. The net impact on retained earnings on 1st April 2019 is Nil.

| PARTICULARS   | As at<br>31st March 2020 | As at<br>31st March 2019 |
|---|--------------------------|--------------------------|
| <b>5 Right-of-use assets<br/>Non Current</b>  |                          |                          |
| Right-of-use assets   | 14.51                    | -                        |
|   | <b>14.51</b>             | <b>-</b>                 |
| <b>6 LOANS<br/>Non Current<br/>Unsecured and considered good</b>  |                          |                          |
| a Security Deposits   | 3.10                     | 3.24                     |
| <b>Total</b>  | <b>3.10</b>              | <b>3.24</b>              |
| Security Deposits include Rental, Electricity and Other Deposits which have been given for business purposes.   |                          |                          |
| <b>Current<br/>Unsecured and considered good</b>  |                          |                          |
| b Loans and advances to Employees   | 0.21                     | 0.18                     |
| <b>Total</b>  | <b>0.21</b>              | <b>0.18</b>              |
| <b>Breakup of security details</b>  |                          |                          |
| Loans considered good - secured   | -                        | -                        |
| Loans considered good - unsecured   | 3.31                     | 3.42                     |
| Loans which have significant increase in credit risk  | -                        | -                        |
| Loans-credit impaired   | -                        | -                        |
|   | 3.31                     | 3.42                     |
| <b>Less:Loss allowance</b>  | <b>-</b>                 | <b>-</b>                 |
| <b>Total Loans</b>  | <b>3.31</b>              | <b>3.42</b>              |
| <b>7 INCOME TAX ASSETS</b>  |                          |                          |
| a Balance due from Revenue Authorities  | 3.30                     | 3.06                     |
| <b>Total</b>  | <b>3.30</b>              | <b>3.06</b>              |
| Balance Due from Revenue Authorities comprises of tax refund due from the Income Tax Department which are outstanding for more than 12 months. Income Tax refund is determined after year wise set off of Advance Taxes Paid and taxes deducted at source against provision for taxation. |                          |                          |
| <b>8 INVENTORIES</b>  |                          |                          |
| a Raw Materials   | 19.56                    | 22.22                    |
| b Work-in-Progress  | 0.97                     | 2.00                     |
| c Finished Goods  | 36.73                    | 25.59                    |
| <b>Total</b>  | <b>57.26</b>             | <b>49.81</b>             |
| Write-downs of inventories to net realisable value amounted to ₹8.76 crs (31 March 2019 – ₹0.85 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                           | 8.76                     | 0.85                     |

| PARTICULARS   | As at<br>31st March 2020 | As at<br>31st March 2019 |
|---|--------------------------|--------------------------|
| <b>9 TRADE RECEIVABLES</b>  |                          |                          |
| a Dues from related parties   | 11.85                    | 12.52                    |
| b Unsecured and considered good   | 17.72                    | 21.56                    |
| <b>Total</b>  | <b>29.57</b>             | <b>34.08</b>             |
| <b>Breakup of security details</b>  |                          |                          |
| Trade receivables considered good - secured   | -                        | -                        |
| Trade receivables considered good - unsecured   | 29.57                    | 34.08                    |
| Trade receivables which have significant increase in credit risk  | -                        | -                        |
| Trade receivables-credit impaired   | -                        | -                        |
|   | 29.57                    | 34.08                    |
| <b>Less:Loss allowance</b>  | <b>-</b>                 | <b>-</b>                 |
| <b>Total Loans</b>  | <b>29.57</b>             | <b>34.08</b>             |
| <b>10 CASH AND BANK BALANCES</b>  |                          |                          |
| a Cash and cash equivalents   |                          |                          |
| Balances with Banks   |                          |                          |
| In Current Account  | 0.07                     | 2.00                     |
| Cash on hand  | 0.17                     | 0.09                     |
| <b>Total</b>  | <b>0.24</b>              | <b>2.09</b>              |
| Balance in Current Account includes ₹ Nil (previous year ₹1.88 crores) available in SBI-Share Application account   |                          |                          |
| <b>11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>  |                          |                          |
| a Fixed Deposits with Banks   | 3.06                     | 1.70                     |
| <b>Total</b>  | <b>3.06</b>              | <b>1.70</b>              |
| Fixed deposits with banks include deposits of ₹3.06 crs with a maturity of more than 3 months, but less than 12 months (Previous Year ₹1.70 crs )   |                          |                          |
| Fixed deposits with banks comprises of restricted bank balances of ₹1.97 crs (Previous year ₹1.49 crs) The restrictions are primarily on account of fixed deposits held as margin money against borrowings / bank guarantees. |                          |                          |
| <b>12 OTHER FINANCIAL ASSETS</b>  |                          |                          |
| a Amount Receivable on Mark to Market on Forward Contracts  | -                        | 0.44                     |
| b Rent Receivable   | -                        | 0.36                     |
| c Interest accrued on Fixed Deposits  | 0.03                     | 0.01                     |
| <b>Total</b>  | <b>0.03</b>              | <b>0.81</b>              |



| PARTICULARS   | As at<br>31st March 2020 | As at<br>31st March 2019 |
|---|--------------------------|--------------------------|
| <b>13 OTHER CURRENT ASSETS</b>  |                          |                          |
| Unsecured and considered good   |                          |                          |
| <b>a</b> Advances to suppliers of goods and services  | 4.25                     | 1.47                     |
| <b>b</b> Prepaid Expenses   | 0.42                     | 0.53                     |
| <b>c</b> Export Benefit Receivable<br>Duty Drawback Receivable  | 0.10                     | 0.08                     |
| <b>d</b> Other Indirect Taxes Receivable<br>Service Tax Receivable<br>GST Input Credit (Net)<br>Cenvat Receivable | 1.09<br>3.05<br>0.10     | 1.09<br>5.58<br>0.10     |
| <b>Total</b>  | <b>9.01</b>              | <b>8.85</b>              |
| <b>14 SHARE CAPITAL</b>   |                          |                          |
| <b>a Authorized, Issued, Subscribed and Paid-Up Share Capital</b>   |                          |                          |
| <b>Authorized Share Capital:</b><br>5,40,00,000 (Previous Year 5,40,00,000 ) Equity Shares of ₹10/- each          | 54.00                    | 54.00                    |
| <b>Issued Capital</b><br>4,90,03,765 (Previous year 4,90,03,765) Equity Shares of ₹10/- each                      | 49.00                    | 49.00                    |
| <b>Subscribed and Paid up Capital</b><br>4,77,68,005 (Previous Year 4,77,68,005) Equity Shares of ₹10/- each      | 47.77                    | 47.77                    |
| <b>Total</b>  | <b>47.77</b>             | <b>47.77</b>             |
| <b>b Reconciliation of the number of shares</b>   |                          |                          |
| Number of Equity Shares outstanding at the beginning of the year  | 4,77,68,005              | 4,55,76,945              |
| Add: Number of Equity Shares issued during the year   | -                        | 21,91,060                |
| <b>Number of Equity Shares outstanding at the end of the year</b>   | <b>4,77,68,005</b>       | <b>4,77,68,005</b>       |

| PARTICULARS  | As at<br>31st March 2020                                  | As at<br>31st March 2019                                  |
|--|---|---|
| <b>c Rights, Preferences and Restrictions attached to equity Shares</b>  |   |   |
| 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. |   |   |
| <b>d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates</b>  | NIL   | NIL   |
| <b>e Details of Equity Shares held by each Shareholder holding more than 5%</b>  |   |   |
| <b>Name of the Shareholder</b>   | <b>As at<br/>31st March 2020<br/>No. of Shares % held</b> | <b>As at<br/>31st March 2019<br/>No. of Shares % held</b> |
| Mr. Venkatesh Rajagopal  | 10957617 22.9%  | 10957617 22.9%  |
| Mrs. Rama Rajagopal  | 8985962 18.8%   | 8985962 18.8%   |
| Mr. Charath Ram Narsimhan  | 4531315 9.5%  | 4531315 9.5%  |
| M/s Lemana Diversified Fund  | 2465000 5.2%  | 2465000 5.2%  |
| <b>f Shares allotted for consideration other than cash during the last 5 years</b>   | NIL   | NIL   |
| <b>15 RESERVES AND SURPLUS</b>   |   |   |
| <b>a Securities Premium Reserve</b>  |   |   |
| Opening Balance  | 3.28  | 2.98  |
| Add:   |   |   |
| Premium received on Equity Shares issued during the year   | -   | 0.31  |
| <b>Closing Balance</b>   | <b>3.28</b>   | <b>3.29</b>   |
| <b>b Surplus / (Deficit) in Statement of Profit and Loss</b>   |   |   |
| Opening Balance  | (57.31)   | (59.62)   |
| Add:   |   |   |
| Profit / (Loss) for the year   | 16.84   | 3.24  |
| Other Comprehensive Income   | (0.91)  | (0.93)  |
| Closing Balance  | (41.38)   | (57.31)   |
| <b>Total</b>   | <b>(38.10)</b>  | <b>(54.02)</b>  |

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.

| PARTICULARS   | As at<br>31st March 2020 | As at<br>31st March 2019 |
|---|--------------------------|--------------------------|
| <b>16 Application Money received against Share Warrants</b>   |                          |                          |
| Opening Balance   | -                        | 0.63                     |
| Add: Received during the year   | -                        | -                        |
| Less: Converted during the year   | -                        | 0.63                     |
| <b>Closing balance</b>  | <b>-</b>                 | <b>-</b>                 |
| <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 rights were exercised within 18 months from the date of allotment in accordance with the SEBI (ICDR) Regulations, 2015.</p> <p>The details of Allottees of Warrants convertible into Equity Shares are as follows :-</p> |                          |                          |
| Mr. Venkatesh Rajagopal   | -                        | -                        |
| Mrs. Rama Rajagopal   | -                        | -                        |
| Mr. Charath Ram Narsimhan   | -                        | -                        |
| <b>17 LONG TERM BORROWINGS</b>  |                          |                          |
| <b>Unsecured</b>  |                          |                          |
| <b>Preference Shares</b>  |                          |                          |
| <b>Authorized</b>   |                          |                          |
| 2,60,00,000 (Previous Year 2,60,00,000) 1% Cumulative Redeemable Preference Shares of ₹10/- each  | 26.00                    | 26.00                    |
| <b>Issued, Subscribed and Paid up</b>   |                          |                          |
| 2,51,04,500 (Previous year 2,51,04,500)<br>1% Cumulative Redeemable Preference Shares of ₹10/- each   | 25.10                    | 25.10                    |
| Preference Shares Classified as Borrowing held under amortised cost model   | 26.74                    | 26.49                    |
| <b>Secured</b>  |                          |                          |
| <b>Term loans from Banks</b>  |                          |                          |
| Clean Term loans  | -                        | 1.19                     |
| Funded Interest Term loans  | -                        | 15.01                    |
| <b>Total</b>  | <b>26.74</b>             | <b>42.69</b>             |

| PARTICULARS                           | As at<br>31st March 2020  | As at<br>31st March 2019 |
|---------------------------------------|---------------------------|--------------------------|
| <b>Net debt reconciliation</b>        |                           |                          |
| Particulars                           | 31-Mar-20                 | 31-Mar-19                |
| Current borrowings                    | (41.09)                   | (48.71)                  |
| Non current borrowings                | (26.74)                   | (42.69)                  |
| <b>Net debt</b>                       | <b>(67.83)</b>            | <b>(91.40)</b>           |
| Liabilities from financing activities |                           |                          |
| Particulars                           | Non current<br>borrowings | Current<br>borrowings    |
| 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               | -                         | -                        |
| <b>Net debt on 31st March 2019</b>    | <b>(42.69)</b>            | <b>(48.71)</b>           |
| Net debt as on 01st April 2019        | (42.69)                   | (48.71)                  |
| Cash flows                            | 15.95                     | 7.62                     |
| Acquisition - Finance leases          | -                         | -                        |
| Foreign Exchange Adjustments          | -                         | -                        |
| Interest expense                      | (1.18)                    | (2.47)                   |
| Interest paid                         | 1.18                      | 2.47                     |
| <u>Other non-cash movements</u>       | -                         | -                        |
| -Acquisition/disposals                | -                         | -                        |
| -Fair value adjustments               | -                         | -                        |
| <b>Net debt on 31st March 2020</b>    | <b>(26.74)</b>            | <b>(41.09)</b>           |

| PARTICULARS  | As at<br>31st March 2020 | As at<br>31st March 2019 |
|--|--------------------------|--------------------------|
| <b>a Rights, Preferences and Restrictions attached to Preference shares</b>  |                          |                          |
| 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>b Details of 1% Cumulative Redeemable Preference Shares held by each Shareholder more than 5%</b>   |                          |                          |

| Name of the Shareholder | As at<br>31-Mar-2020 |        | As at<br>31 March 2019 |        |
|-------------------------|----------------------|--------|------------------------|--------|
|                         | No. of Shares        | % held | No. of Shares          | % held |
| State Bank of India     | 25104500             | 100.0% | 25104500               | 100.0% |
| <b>% Holding</b>        |                      |        |                        |        |
| State Bank of India     |                      | 100.0% |                        | 100.0% |

There is no movement of Preference shares during the year and previous period of 2 years

|   |   |              |
|---|---|--------------|
| <b>c Details of Term loans - Bank wise, Repayments and Security</b>                                 |   |              |
| Term loans from State Bank of India   | - | 19.12        |
| Loans Classified under Other Current Liabilities - being current maturities of long term borrowings | - | 2.91         |
| <b>Long Term Borrowings</b>   | - | <b>16.21</b> |

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

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

There were no pending obligations on interest and debt repayment to the lender, State Bank of India as on 31st March 2020.

## 18 LEASE LIABILITY

|              |              |          |
|--------------|--------------|----------|
| Non-Current  | 11.69        | -        |
| Current      | 4.71         | -        |
| <b>Total</b> | <b>16.40</b> | <b>-</b> |

| PARTICULARS  | As at<br>31st March 2020 | As at<br>31st March 2019 |
|--|--------------------------|--------------------------|
| <b>19 DEFERRED TAX LIABILITIES</b>   |                          |                          |
| 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.     |                          |                          |
| <b>Total</b>   | <b>-</b>                 | <b>-</b>                 |
| <b>20 OTHER NON CURRENT LIABILITIES</b>  |                          |                          |
| Government Grant   | 0.20                     | 0.23                     |
| <b>Total</b>   | <b>0.20</b>              | <b>0.23</b>              |
| <b>21 SHORT-TERM BORROWINGS</b>  |                          |                          |
| <b>a Loans Repayable on Demand from Banks</b>  |                          |                          |
| Secured:   |                          |                          |
| Working Capital Facilities   | 20.76                    | 26.64                    |
| Export Bills Discounted  | 20.33                    | 19.16                    |
| 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   |                          |                          |
| 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   |                          |                          |
| <b>Total</b>   | <b>41.09</b>             | <b>45.80</b>             |



| PARTICULARS                           | As at<br>31st March 2020 | As at<br>31st March 2019 |
|---------------------------------------|--------------------------|--------------------------|
| <b>22 TRADE PAYABLES</b>              |                          |                          |
| a Micro, Small and Medium Enterprises | 0.04                     | 0.07                     |
| b Others                              | 21.78                    | 20.57                    |
| <b>Total</b>                          | <b>21.82</b>             | <b>20.64</b>             |

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   | 31-03-2020   | 31-03-2019   |
|---|--------------|--------------|
| a Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end  | 0.04         | 0.07         |
| 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.   | -            | -            |
| <b>23 OTHER FINANCIAL LIABILITY</b>   |              |              |
| <b>a Current Maturities of Long-Term Borrowings</b>   |              |              |
| Term loans from Banks   |              |              |
| Clean Term Loans  | -            | 1.91         |
| Funded Interest Term Loans  | -            | 1.00         |
|   | <b>-</b>     | <b>2.91</b>  |
| <b>b Expenses Payable</b>   |              |              |
| Accrued Expenses  | 7.36         | 16.48        |
| Salaries and Wages Payable  | 3.48         | 3.15         |
| Bonus Payable   | 2.44         | 2.10         |
|   | <b>13.28</b> | <b>21.73</b> |
| <b>c Amount Payable on Mark to Market on Forward Contracts</b>  | 3.53         | -            |
| <b>Total</b>  | <b>16.81</b> | <b>24.64</b> |
| <b>24 OTHER CURRENT LIABILITIES</b>   |              |              |
| Withholding and Other Taxes Payable   | 1.13         | 0.92         |
| MLFPS Payable   | 5.00         | -            |
| Government Grant  | 0.03         | 0.03         |
| <b>Total</b>  | <b>6.16</b>  | <b>0.95</b>  |

| PARTICULARS  | As at<br>31st March 2020 | As at<br>31st March 2019 |
|--|--------------------------|--------------------------|
| <b>25 SHORT-TERM PROVISIONS</b>  |                          |                          |
| <b>a Provision for Employee Benefits</b>   |                          |                          |
| Provision for Unavailed leave  | 3.89                     | 3.34                     |
| Provision for Gratuity (Refer Note 51)   | 2.30                     | 1.82                     |
| <b>Total</b>   | <b>6.19</b>              | <b>5.16</b>              |
| <b>26 REVENUE FROM OPERATIONS (GROSS)</b>  |                          |                          |
| 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.<br>The details of revenue from sale of products on the basis of geography is provided :  |                          |                          |
| <b>a Sale of Products</b>  |                          |                          |
| Manufactured goods   |                          |                          |
| Exports  | 190.36                   | 193.47                   |
| Domestic   | 34.90                    | 24.78                    |
| <b>b Other Operating Revenues</b>  |                          |                          |
| Income from Job Contract Manufacturing Activities  | 1.72                     | 1.43                     |
| Export Incentives  | 5.52                     | 11.71                    |
| <b>Total</b>   | <b>232.50</b>            | <b>231.39</b>            |
| 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.<br><br>Transaction price allocated to the remaining performance obligations<br>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.<br><br>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. |                          |                          |
| <b>27 OTHER INCOME</b>   |                          |                          |
| <b>a Interest income from Financial Assets at amortised cost</b>   | 0.19                     | 0.12                     |
| <b>b Rental income</b>   | -                        | 0.12                     |
| <b>c Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)</b>   | (3.75)                   | (1.55)                   |
| <b>d Others</b>  | 0.02                     | 0.07                     |
| <b>Total</b>   | <b>(3.54)</b>            | <b>(1.24)</b>            |
| Interest income comprises:   |                          |                          |
| Interest on fixed deposits with Banks  | 0.17                     | 0.10                     |
| Interest on employee loans   | 0.02                     | 0.01                     |

| PARTICULARS |   | As at<br>31st March 2020 | As at<br>31st March 2019 |
|-------------|---|--------------------------|--------------------------|
| <b>28</b>   | <b>COST OF MATERIALS</b>  |                          |                          |
|             | Opening Stock of Materials  | 22.22                    | 15.76                    |
|             | Add: Purchases of Materials   | 128.30                   | 131.15                   |
|             | Closing Stock of Materials  | 19.56                    | 22.22                    |
|             | <b>Total</b>  | <b>130.96</b>            | <b>124.69</b>            |
| <b>29</b>   | <b>CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC</b> |                          |                          |
|             | <b>Closing Stock</b>  |                          |                          |
|             | Finished Goods  | 36.73                    | 25.59                    |
|             | Work-in-Progress  | 0.97                     | 2.00                     |
|             | <b>Opening Stock</b>  |                          |                          |
|             | Finished Goods  | 25.59                    | 23.69                    |
|             | Work-in-Progress  | 2.00                     | 0.98                     |
|             | <b>Total</b>  | <b>(10.11)</b>           | <b>(2.92)</b>            |
| <b>30</b>   | <b>EMPLOYEE BENEFITS EXPENSE</b>  |                          |                          |
|             | Salaries and Wages  | 52.43                    | 48.30                    |
|             | Contribution to Provident and Other Funds                                       | 5.08                     | 4.39                     |
|             | Staff Welfare Expenses  | 2.48                     | 2.26                     |
|             | <b>Total</b>  | <b>59.99</b>             | <b>54.95</b>             |
| <b>31</b>   | <b>OTHER EXPENSES</b>   |                          |                          |
|             | Subcontracting and Garment Processing Costs                                     | 5.43                     | 7.22                     |
|             | Consumables   | 1.70                     | 0.57                     |
|             | Power & Fuel  | 3.47                     | 3.37                     |
|             | Rent  | 0.63                     | 6.64                     |
|             | Insurance   | 0.68                     | 0.56                     |
|             | Maintenance Expenses  | 1.71                     | 3.78                     |
|             | Rates and Taxes   | 0.44                     | 0.45                     |
|             | Shipping Charges  | 1.57                     | 2.01                     |
|             | Export Expenses   | 0.31                     | 0.86                     |
|             | Traveling & Conveyance  | 6.44                     | 6.27                     |
|             | Consultancy Charges   | 1.62                     | 0.98                     |
|             | Communication Expenses  | 0.78                     | 0.99                     |
|             | Selling Commission  | 0.54                     | 0.15                     |
|             | Printing & Stationery   | 0.24                     | 0.28                     |
|             | Auditors' Remuneration  | 0.06                     | 0.06                     |
|             | Directors Remuneration  | 0.45                     | 0.30                     |
|             | Other Miscellaneous Expenses  | 3.49                     | 2.58                     |
|             | <b>Total</b>  | <b>29.56</b>             | <b>37.07</b>             |

Auditors' Remuneration includes ₹4.50 lakhs (Previous Year ₹4.50 lakhs) against Statutory Audit, ₹Nil lakhs (Previous Year ₹0.70 lakhs) against Tax Audit. Secretarial Audit Fee ₹1.15 lakhs (Previous year ₹1.00 lakhs)

An amount of ₹0.27 lakhs (Previous Year ₹0.15 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 ₹0.59 lakhs (Previous year ₹0.53 lakhs) is grouped under Other Miscellaneous expenses.

| PARTICULARS   |   | As at<br>31st March 2020 | As at<br>31st March 2019 |
|---|---|--------------------------|--------------------------|
| <b>32</b>   | <b>FINANCE COSTS</b>  |                          |                          |
| <b>a</b>  | Interest on Financial liability not at Fair Value through Profit & Loss |                          |                          |
|   | Term loans  | 1.19                     | 3.13                     |
|   | Working Capital & Others  | 2.47                     | 2.74                     |
|   | Preference Shares   | 0.25                     | 0.25                     |
|   | Interest on Lease Liability   | 3.13                     | -                        |
| <b>b</b>  | Other Borrowing Costs - Bank Charges                                    | 1.02                     | 1.15                     |
|   | <b>Total</b>  | <b>8.06</b>              | <b>7.27</b>              |
| <b>33</b>   | <b>DEPRECIATION</b>   |                          |                          |
|   | Depreciation PPE  | 3.96                     | 5.85                     |
|   | Amortisation of Right to use asset                                      | 5.34                     | -                        |
|   | <b>Total</b>  | <b>9.30</b>              | <b>5.85</b>              |
| <b>34</b>   | <b>EXCEPTIONAL ITEMS - Expense / (Income)</b>                           |                          |                          |
|   | Profit on Sale of Immovable Property                                    | 15.64                    | -                        |
|   | <b>Total</b>  | <b>15.64</b>             | <b>-</b>                 |
| The company has sold its sole Investment Property the gain on such sale is expected to be non-recurring event, The same has been excluded from the other income and has been disclosed under Exceptional Items in the Statement of Profit and Loss. |   |                          |                          |
| <b>35</b>   | <b>OTHER COMPREHENSIVE INCOME</b>                                       |                          |                          |
|   | <b>Items that will not be reclassified to Profit or Loss</b>            |                          |                          |
|   | Remeasurement of post employment benefit obligations                    | 0.91                     | 0.93                     |
|   | <b>Total</b>  | <b>0.91</b>              | <b>0.93</b>              |
| <b>36</b>   | <b>Fair Value Measurement</b>   |                          |                          |
|   | <b>Financial instruments</b>  |                          |                          |
|   | <b>Financial instruments by category</b>                                | <b>31-Mar-20</b>         | <b>31-Mar-19</b>         |
|   | <b>Financial Assets</b>   |                          |                          |
|   | <b>Amortised cost</b>   |                          |                          |
|   | Trade receivables   | 29.57                    | 34.08                    |
|   | Loans and advances to Employees   | 0.21                     | 0.18                     |
|   | Cash and cash equivalents   | 0.24                     | 2.09                     |
|   | Other bank balances   | 3.08                     | 1.71                     |
|   | Security deposits   | 3.10                     | 3.24                     |
|   | Interest accrued on Fixed Deposits                                      | 0.03                     | 0.01                     |
|   | Rent Receivable   | -                        | 0.36                     |
|   | <b>Fair value through Profit &amp; Loss</b>                             |                          |                          |
|   | Amount Receivable on Mark to Market on Forward Contracts                | -                        | 0.44                     |
|   | <b>Total financial assets</b>   | <b>36.23</b>             | <b>42.10</b>             |

| Financial instruments by category  | 31-Mar-20     | 31-Mar-19     |
|------------------------------------|---------------|---------------|
| <b>Financial liabilities</b>       |               |               |
| Long Term Borrowings               | -             | 16.21         |
| Preference Share                   | 26.74         | 26.49         |
| Short Term Borrowings              | 41.09         | 45.80         |
| Trade payables                     | 21.82         | 20.64         |
| Other Financial Liability          | 16.81         | 24.64         |
| <b>Total financial liabilities</b> | <b>106.46</b> | <b>133.78</b> |

### (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.

## 37 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 2020 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:

- all non-derivative financial liabilities, and
- 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-20              |                       |              | 31-Mar-19              |                       |               |
|---|------------------------|-----------------------|--------------|------------------------|-----------------------|---------------|
|   | Maturing within 1 year | Maturing after 1 Year | Total        | Maturing within 1 year | Maturing after 1 Year | Total         |
| Short term Borrowing                    | 44.63                  | -                     | 44.63        | 49.97                  | -                     | 49.97         |
| Long Term Borrowing                     | -                      | -                     | -            | -                      | 18.90                 | 18.90         |
| Expenses payable                        | 13.28                  | -                     | 13.28        | 21.73                  | -                     | 21.73         |
| Trade Payables                          | 21.82                  | -                     | 21.82        | 20.64                  | -                     | 20.64         |
| Lease liabilities                       | 4.71                   | 11.69                 | 16.40        | -                      | -                     | -             |
| <b>Total Non Derivative liabilities</b> | <b>84.43</b>           | <b>11.69</b>          | <b>96.12</b> | <b>92.34</b>           | <b>18.90</b>          | <b>111.25</b> |

**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-20    |          | 31-Mar-19    |          |
|--|--------------|----------|--------------|----------|
|  | USD          | EURO     | USD          | EURO     |
| <b>Financial assets</b>                                |              |          |              |          |
| Trade receivables                                      | 17.07        | -        | 21.29        | -        |
| <b>Exposure to foreign currency risk (assets)</b>      | <b>17.07</b> | <b>-</b> | <b>21.29</b> | <b>-</b> |
| <b>Financial liabilities</b>                           |              |          |              |          |
| Trade payables   | 6.89         | -        | 15.58        | -        |
| <b>Exposure to foreign currency risk (liabilities)</b> | <b>6.89</b>  | <b>-</b> | <b>15.58</b> | <b>-</b> |
| <b>Net exposure to foreign currency risk</b>           | <b>10.18</b> | <b>-</b> | <b>5.71</b>  | <b>-</b> |

**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-20                  | 31-Mar-19 |
| USD sensitivity         |                            |           |
| INR/USD Increases by 5% | 0.51                       | 0.29      |

\* Holding all other variable constant



| PARTICULARS | As at<br>31st March 2020 | As at<br>31st March 2019 |
|-------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|

### 38. 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-20    | 31-Mar-19    |
|---------------------------------|--------------|--------------|
| Share Capital                   | 47.77        | 47.77        |
| Reserves and Surplus            | (38.10)      | (54.03)      |
| Money Received Against Warrants | -            | -            |
| Preference Share Capital        | 25.10        | 25.10        |
| <b>Networth</b>                 | <b>34.77</b> | <b>18.84</b> |

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

|               |   |       |
|---------------|---|-------|
| Debt          | - | 16.21 |
| Debt / Equity | - | 0.86  |

Debt consists of Long term borrowings only.

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

### 39. 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 2019-2020           | 42.14    | 190.36   | 232.50 |
| FY 2018-2019           | 37.92    | 193.47   | 231.39 |

Revenues of approximately ₹120.55 crores (31 March 2019 ₹131.25 crores ) are derived from a single external customer.

**Notes to the Accounts as at 31st March 2020**

₹ In Crores

| PARTICULARS  | As at<br>31-Mar-20                    | As at<br>31-Mar-19                    |
|--|---------------------------------------|---------------------------------------|
| <p><b>40</b> The company has significant accumulated losses. In this connection, the company has implemented various initiatives to improve on the efficiencies and control the losses.</p> <p>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</p>   |                                       |                                       |
| <p><b>41</b> The outbreak of COVID-19 across globe and India has resulted in pandemic. The central and state government has imposed lockdown from 24.03.2020 to prevent the spread. The Company has shut down factories / office and operational activities , impacting the business during the quarter. The Company has taken and shall continue to take various steps to protect its employees from the pandemic. The Company has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Inventories, Trade Receivable and Other Current Assets. Based on current estimates the Company expects the carrying amount of these assets to be recovered.</p> <p>The impact of COVID-19 on the overall economic environment being uncertain, may affect the underlying assumptions and estimates used to prepare the financial statements, which may differ from that considered as at the date of approval of these financial statements. The company will continue to closely monitor material changes to future economic conditions. As this is a developing situation the estimates may change depending upon future events.</p> |                                       |                                       |
| <p><b>42</b> 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.</p>   |                                       |                                       |
| <p><b>43</b> Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act 2006") as at March 31, 2020 and March 31, 2019:-</p> <p>i) Total outstanding dues of micro enterprises and small enterprises ((see note below)</p> <p>ii) Total outstanding dues of creditors other than micro enterprises and small enterprises</p>   | <p>0.04</p> <p>21.78</p>              | <p>0.07</p> <p>20.57</p>              |
| <p><b>44</b> The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.</p>   |                                       |                                       |
| <p><b>45 EARNINGS PER SHARE</b></p> <p><b>Earnings Per Share - In ₹</b></p> <p><b>Basic</b></p> <p><b>Diluted</b></p>  | <p><b>3.34</b></p> <p><b>3.34</b></p> | <p><b>0.69</b></p> <p><b>0.69</b></p> |
| <p><b>Earnings per Share is calculated as under:</b></p>   |                                       |                                       |
| <p><b>a</b> Numerator</p> <p><b>Net Profit after Tax as disclosed in Statement of Profit and Loss</b></p>  | <p><b>15.93</b></p>                   | <p><b>2.31</b></p>                    |
| <p><b>b</b> Denominator</p> <p><b>Weighted Average Number of Equity Share Outstanding</b></p> <p>Basic</p> <p>Diluted</p>  | <p>4,77,68,005</p> <p>4,77,68,005</p> | <p>4,68,37,555</p> <p>4,68,37,555</p> |
| <p><b>c</b> <b>Nominal Value of Equity Share (In ₹)</b></p>  | <p><b>10.00</b></p>                   | <p><b>10.00</b></p>                   |

**Notes to the Accounts as at 31st March 2020**

₹ In Crores

| PARTICULARS   | As at<br>31-Mar-20 | As at<br>31-Mar-19 |
|---|--------------------|--------------------|
| <b>46 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)</b>   |                    |                    |
| <b>a</b> Guarantees given by Banks and counter Guaranteed by the Company  | -                  | -                  |
| <b>b</b> On account of Letters of Credit issued by Bankers on behalf of the Company   | 0.15               | 0.60               |
| <b>c</b> Claims against Company not acknowledged as debts being petition/ appeals pending before the Assessing Officer/ Commissioner of Income Tax (Appeals).   | 0.29               | 0.29               |
| 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.   |                    |                    |
| <b>d</b> In terms of the "Master Restructuring Agreement dated August 11, 2015 ("MRA") entered into between SBI and CFL, with an effective date of March 31, 2011, SBI had extended concessional interest rate for the credit facilities sanctioned and has preferred a recompense claim against CFL vide the above stated agreement. The estimated contingent liability of the Recompense amount, as on 31st Mar'20, has been determined at Rs.56.19 Cr. This amount may be payable in future, based on profits and cash flows, in the manner to be determined between CFL and SBI. The exact modalities shall be detailed once the technical matters related to payment of agreed settlement amount reaches a finality between parties. | 56.19              | -                  |
| <b>47 Commitments</b>   |                    |                    |
| <b>(a) Capital commitments</b>  |                    |                    |
| Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows: Property, plant and equipment  | -                  | -                  |
| <b>(b) Lease commitments</b>  |                    |                    |
| Within one year   | 7.12               | 7.21               |
| Later than one year but not later than five years   | 13.36              | 23.92              |
| <b>48</b> 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, 2020 (March 31, 2019 ₹ NIL)  | -                  | -                  |
| <b>49 RELATED PARTY TRANSACTIONS</b>  |                    |                    |
| <b>a Key Managerial Personnel:</b>  |                    |                    |
| Mr. V.Rajagopal   |                    |                    |
| Mr. Vidyuth Rajagopal   |                    |                    |
| <b>b Relative of Key Managerial Personnel:</b>  |                    |                    |
| Mrs. Rama Rajagopal   |                    |                    |
| <b>c Enterprises under Control or Significant Influence of Key Managerial Personnel:</b>  |                    |                    |
| M/s Indian Terrain Fashions Limited   |                    |                    |
| M/s Celebrity Connections   |                    |                    |
| <b>d Transactions carried out with Related Parties during the Year</b>  |                    |                    |
| <b>Key Managerial Personnel</b>   |                    |                    |
| Managerial Remuneration - Mr. Vidyuth Rajagopal   | 0.45               | 0.30               |
| <b>Enterprises Under Same Management</b>  |                    |                    |
| Job work Charges, Material Transfers, Sale of Garments and Rentals  | 23.84              | 16.95              |

**Notes to the Accounts as at 31st March 2020**

₹ In Crores

| PARTICULARS  | As at<br>31-Mar-20 | As at<br>31-Mar-19 |
|--|--------------------|--------------------|
| <b>e Outstanding Balances as on 31st March 2020</b>  |                    |                    |
| i Payable as Managerial Remuneration - Mr Vidyuth Rajagopal  | 0.02               | 0.03               |
| ii Trade Receivable against Job work Charges and Material Transfers - Indian Terrain Fashions Limited  | 11.85              | 12.52              |
| <b>50 DISCLOSURE AS PER REGULATION 34 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015</b>   |                    |                    |
| Loans and advances in the nature of loans given to Subsidiaries, Associates and Others   | -                  | -                  |
| <b>51 EMPLOYEE BENEFIT PLAN - GRATUITY</b>   |                    |                    |
| 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. |                    |                    |
| <b>Amount Recognized in the Balance Sheet in respect of gratuity</b>   |                    |                    |
| Present Value of Defined Benefit Obligation at the end of the Year   | 2.75               | 2.18               |
| Fair Value of Plan Assets at the end of the Year   | 0.45               | 0.36               |
| <b>Net Liability / (Asset)</b>   | <b>2.30</b>        | <b>1.82</b>        |
| <b>Amount Recognized in Profit and Loss Account in respect of gratuity</b>   |                    |                    |
| Current Service Cost   | 0.30               | 0.25               |
| Past service cost  | -                  | -                  |
| Interest on Defined Benefit Obligations  | 0.15               | 0.14               |
| Interest on Plan Assets  | 0.02               | 0.04               |
| <b>Total</b>   | <b>0.47</b>        | <b>0.43</b>        |
| <b>Amount Recognized in Other comprehensive income in respect of gratuity</b>  |                    |                    |
| Net Actuarial (Gain) / Loss recognized during the Period   | 0.91               | 0.84               |
| <b>Actual Return on Plan Assets</b>  |                    |                    |
| Interest return on Plan Assets   | 0.02               | 0.04               |
| Actuarial Gain / (Loss) on Plan Assets   | 0.00               | (0.19)             |
| <b>Actual Return on Plan Assets</b>  | <b>0.03</b>        | <b>(0.14)</b>      |
| <b>Reconciliation of present value of obligation and the fair value of the plan assets</b>   |                    |                    |
| Opening Defined Benefit Obligation   | 2.18               | 1.86               |
| Current Service Cost   | 0.30               | 0.25               |
| Past service cost  | -                  | -                  |
| Interest Cost  | 0.15               | 0.14               |
| <b>Actuarial (Gain) / Loss on obligations</b>  |                    |                    |
| Actuarial (Gains) / Losses on Obligations due to change in demographic assumptions   | -                  | 0.09               |
| Actuarial (Gain) / Loss on obligations due to changes in financial assumptions   | 0.19               | 0.17               |
| Actuarial (Gain) / Loss on obligations due to experience adjustments   | 0.72               | 0.49               |
| Benefits Paid  | (0.79)             | (0.81)             |
| <b>Closing Defined Benefit Obligation</b>  | <b>2.75</b>        | <b>2.18</b>        |

**Notes to the Accounts as at 31st March 2020**

₹ In Crores

| PARTICULARS  | As at<br>31-Mar-20              | As at<br>31-Mar-19              |
|--|---------------------------------|---------------------------------|
| Opening Fair Value of Plan Assets                                | 0.36                            | 0.57                            |
| Interest income on Plan Assets                                   | 0.02                            | 0.04                            |
| Return in excess of interest income                              | 0.00                            | (0.19)                          |
| Employer Contributions   | 0.85                            | 0.74                            |
| Benefits Paid  | (0.79)                          | (0.81)                          |
| <b>Closing Fair Value of Plan Assets</b>                         | <b>0.45</b>                     | <b>0.36</b>                     |
| <b>Closing balances of Defined Benefit Obligation</b>            |                                 |                                 |
| Defined Benefit Obligation at the beginning of the Year          | 1.29                            | 1.86                            |
| Interest Cost  | 0.15                            | 0.14                            |
| Current Service Cost   | 0.30                            | 0.25                            |
| Benefit Paid   | (0.79)                          | (0.81)                          |
| Actuarial (gain) / loss on obligations                           | 0.87                            | (0.15)                          |
| Liability at the end of the Year                                 | 1.82                            | 1.29                            |
| <b>Closing balances of Fair Value of Plan Assets</b>             |                                 |                                 |
| Fair Value of Plan Assets at the beginning of the Year           | 0.36                            | 0.57                            |
| Expected Return on Plan Assets                                   | 0.02                            | 0.04                            |
| Employer Contributions   | 0.85                            | 0.74                            |
| Benefits Paid  | (0.79)                          | (0.81)                          |
| Actuarial gain/(loss) on Plan Assets                             | 0.00                            | (0.19)                          |
| Fair Value of Plan Assets at the end of the Year                 | 0.45                            | 0.36                            |
| Actual Return on plan assets                                     | 0.03                            | (0.14)                          |
| <b>Investment Details of Plan Assets</b>                         |                                 |                                 |
| Money Market Instruments   | 0%                              | 0%                              |
| Assets under Insurance Schemes                                   | 100%                            | 100%                            |
| <b>Principal Actuarial Assumptions at the Balance Sheet Date</b> |                                 |                                 |
| Discount Rate  | 6.96%                           | 7.50%                           |
| Estimated Rate of Return on Plan Assets                          | 6.96%                           | 7.50%                           |
| Rate of Salary increase  | 3.75%                           | 3.50%                           |
| Rate of employee turnover  | For service below 4<br>year 72% | For service below 4<br>year 72% |
|  | For Service above 4<br>year 2%  | For Service above 4<br>year 2%  |

**Mortality rate during employment**

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 2020**

₹ In Crores

| PARTICULARS  | As at<br>31-Mar-20 | As at<br>31-Mar-19 |
|--|--------------------|--------------------|
| <b>Sensitivity Analysis</b>  |                    |                    |
| Projected Benefit Obligation on current assumptions  | 2.75               | 2.18               |
| Decrease in obligation due to +1% change in discount rate  | (0.26)             | (0.20)             |
| Increase in obligation due to -1% change discount rate   | 0.31               | 0.24               |
| Increase in obligation due to +1% change in rate of salary increase  | 0.31               | 0.24               |
| Decrease in obligation due to -1% change in rate of salary increase  | (0.27)             | (0.21)             |
| <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               | 0.13               |
| Within two to five year  | 0.59               | 0.46               |
| After five years to ten years  | 0.99               | 0.81               |
| After ten years and above  | 4.21               | 3.78               |
| <b>52 SEGMENT REPORTING</b>  |                    |                    |
| <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> |                    |                    |
| <b>53 OTHERS</b>   |                    |                    |
| <b>a Aggregate Expenses</b>  |                    |                    |
| Electricity Expenses included under Power and Fuel   | 2.70               | 2.70               |
| <b>b Earnings in Foreign Currency</b>  |                    |                    |
| Export of Goods - FOB Value  | 190.36             | 193.47             |
| <b>c Expenditure in Foreign Currency</b>   |                    |                    |
| Selling Commission & Consultancy Charges   | -                  | 0.32               |
| Software Expenses  | 0.04               | 0.03               |
| Travel   | -                  | 0.12               |
| Claims   | -                  | 0.16               |
| Spares   | 0.05               | 0.05               |
| Interest   | -                  | 0.06               |
| Consultancy  | 0.07               | 0.05               |



**Notes to the Accounts as at 31st March 2020**

₹ In Crores

| PARTICULARS   | As at<br>31-Mar-20   | As at<br>31-Mar-19 |
|---|--|--------------------|
| <b>d Value of Imports</b>   |  |                    |
| Raw materials   | 41.11  | 46.76              |
| Capital Goods   | -  | 0.45               |
| <b>e Imported and Indigenous Consumption of Raw materials</b>                   |  |                    |
| Imported  |  |                    |
| ₹ In Crores   | 41.96  | 44.46              |
| % to Total  | 32.0%  | 35.7%              |
| Indigenous  |  |                    |
| ₹ In Crores   | 88.99  | 80.23              |
| % to Total  | 68.0%  | 64.3%              |
| <b>54 OTHER DISCLOSURES</b>   |  |                    |
| <b>a Foreign Exchange Differences</b>   |  |                    |
| Amount of Exchange Difference Gain / (Loss) included in Profit and Loss Account | (3.76)   | (1.55)             |
| <b>b</b>  | Previous year figures have been regrouped, reworked and reclassified wherever necessary to conform to current year classification.   |                    |
| <b>c</b>  | 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

**V. Rajeswaran**  
 Partner  
 Membership Number 020881

 Chennai  
 25 June 2020

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

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