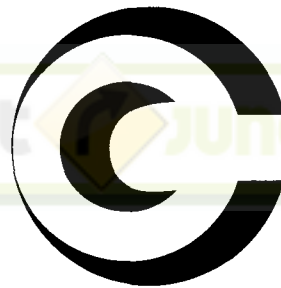


# Celebrity Fashions Limited



**19<sup>th</sup>**  
**ANNUAL REPORT 2007 - 2008**

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*Celebrity Fashions Limited*

## BOARD OF DIRECTORS

Mr. V. Rajagopal,	<i>Chairman and Managing Director</i>
Mrs. Rama Rajagopal,	<i>Executive Director</i>
Mr. S. Surya Narayanan,	<i>Executive Director</i>
Mr. P.S. Raman	
Mr. N.K. Ranganath	
Mrs. Nidhi Reddy	

## MANAGEMENT TEAM

### Executive Vice-President

Mr. Suresh Rajagopal, *Strategic Sourcing & Marketing*

### Chief Executive Officer

Mr. Charath Narasimhan, *Domestic - Indian Terrain*

### Senior Vice – Presidents

Mr. J.V.J. Franklin, *Operations*

Mr. Amitabh Suri, *Marketing & Product Design & Development*

### Vice-Presidents

Mr. V.K. Vijayaraghavan, *Finance & Commercial*

Mr. John Dulip Kumar, *Merchandising*

Ms. Mandy Pidgeon, *Technical*

Ms. Poonam Bharadwaj, *Marketing*

### General Managers

Mr. V. Sridharan, *Finance*

Mr. Jairam S Narayanan, *Administration*

Mr. A.M. Gobinath, *Commercial*

Mr. Supratim Choudhury, *Design & Development*

Mr. Amit Rai, *Operations*

Mrs. Anu Shyamsundar, *Head Womens wear*



*Celebrity Fashions Limited*

**COMPANY SECRETARY**

Mr. V.V. Naresh

**REGISTERED OFFICE &  
CORPORATE OFFICE – INDIAN TERRAIN**

No.107A, GST Road, Chrompet, Chennai – 600 044

**CORPORATE OFFICE – EXPORTS**

SDF-IV, 3<sup>rd</sup> Main Road, MEPZ-SEZ,  
Tambaram, Chennai – 600 045

**LEGAL ADVISORS**

Dua Associates, Chennai – 600 017

**STATUTORY AUDITORS**

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

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

**INTERNAL AUDITORS**

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

**BANKERS**

State Bank of India, Chennai – 600 001  
Citi Bank N.A., Chennai – 600 002  
Standard Chartered Bank, Chennai – 600 001  
HDFC Bank Limited, Chennai – 600 002

**MEDIA SOLUTIONS PARTNER**

Bennett Coleman & Co Ltd (Times of India Group)  
“Times House”, 126/127, Chamiers Road,  
Nandanam, Chennai – 600 035.

**MANUFACTURING FACILITIES**

No.107A, GST Road,  
Chrompet,  
Chennai – 600 044

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

No.85, Velachery Tambaram Road,  
Pallikaranai,  
Chennai – 601 302.

Plot C2, Survey Nos.24, 25 & 54,  
Phase – II, MEPZ – SEZ,  
Tambaram,  
Chennai – 600 045

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

No.208, Velachery Tambaram Road,  
Narayanapuram,  
Pallikaranai, Chennai – 601 302.

**Central Stores**

208, Velachery Tambaram Road,  
Narayanapuram,  
Pallikaranai, Chennai – 601 302

**Washing Plant**

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

Plot C2, Survey Nos.24,25 &54,  
Phase – II, MEPZ-SEZ,  
Tambaram, Chennai – 600 045



*Celebrity Fashions Limited*

## NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of Celebrity Fashions Limited will be held on Thursday, the 28<sup>th</sup> day of August 2008 at 10.30 a.m. at Corporate Office, SDF – IV, 3<sup>rd</sup> Main Road, MEPZ – SEZ, Tambaram, Chennai – 600 045 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31<sup>st</sup> March 2008 and the Balance Sheet as on that date together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.P.S.Raman, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr.N.K. Ranganath, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s.Anil Nair & Associates, Chartered Accountants, Chennai and M/s.CNGSN & Associates, Chartered Accountants, Chennai as Joint Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

#### 5. APPOINTMENT OF Ms.ANJALI RAJAGOPAL AS MANAGEMENT TRAINEE

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

**RESOLVED THAT** the Company hereby accord its approval and consent under Section 314 and other applicable provisions if any, of the Companies Act, 1956 to the appointment of Ms.Anjali Rajagopal, daughter of Mr.V.Rajagopal and Mrs.Rama Rajagopal, Directors of the Company as Management Trainee, to hold office or place of profit with effect from 21<sup>st</sup> January 2008 on a remuneration of Rs.40,000/- per month.

**RESOLVED FURTHER THAT** this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction at their discretion and with the approval of the Central Government where necessary, to fix the increments and to promote her to any higher grade or grades at their discretion and as they deem fit and proper.

#### 6. APPOINTMENT OF Mr. VIDYUTH RAJAGOPAL AS MANAGEMENT TRAINEE

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

**RESOLVED THAT** the Company hereby accord its approval and consent under Section 314 and other applicable provisions if any, of the Companies Act, 1956 to the appointment of Mr.Vidyuth Rajagopal, son of Mr. V. Rajagopal and Mrs.Rama Rajagopal, Directors of the Company as Management Trainee, to hold office or place of profit with effect from 1<sup>st</sup> June 2008 on a remuneration of Rs.30,000/- per month.

**RESOLVED FURTHER THAT** this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction at their discretion and with the approval of the Central Government where necessary, to fix the increments and to promote him to any higher grade or grades at their discretion and as they deem fit and proper.

#### 7. REDUCTION IN THE REMUNERATION PAYABLE TO Mr.V RAJAGOPAL, MANAGING DIRECTOR

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

**RESOLVED THAT** the approval of the company be and is hereby accorded under Section 198, 269 and 309 read with the provisions of Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the remuneration payable to Mr. V. Rajagopal, Managing Director be reduced from Rs.42,00,000/- to Rs.24,00,000/- per annum and all other existing terms, including perquisites and reimbursement remains the same for the residual period of his current term of appointment with effect from 1<sup>st</sup> January 2008.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter, amend, vary enhance or modify the scope and quantum of remuneration of Mr. V. Rajagopal as they may deem proper from time to time considering the nature and scope of his activities as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956.



## Celebrity Fashions Limited

### 8. REDUCTION IN THE REMUNERATION PAYABLE TO Mrs. RAMA RAJAGOPAL, EXECUTIVE DIRECTOR

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

**RESOLVED THAT** the approval of the company be and is hereby accorded under Section 198, 269 and 309 read with the provisions of Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the remuneration payable to Mrs.Rama Rajagopal, Executive Director be reduced from Rs.42,00,000/- to Rs.24,00,000/- per annum and all other existing terms, including perquisites and reimbursement remains the same for the residual period of her current term of appointment with effect from 1<sup>st</sup> January 2008.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter, amend, vary enhance or modify the scope and quantum of remuneration of Mrs.Rama Rajagopal as they may deem proper from time to time considering the nature and scope of her activities as shall be permissible and in conformity with applicable provisions of the Companies Act,1956.

### 9. REDUCTION IN THE REMUNERATION PAYABLE TO Mr.S SURYA NARAYANAN, EXECUTIVE DIRECTOR

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

**RESOLVED THAT** the approval of the company be and is hereby accorded under Section 198, 269 and 309 read with the provisions of Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the remuneration payable to Mr.Surya Narayanan, Executive Director be reduced from Rs.42,00,000/- to Rs.24,00,000/- per annum and all other existing terms, including perquisites and reimbursement remains the same for the residual period of his current term of appointment with effect from 1<sup>st</sup> January 2008.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter, amend, vary enhance or modify the scope and quantum of remuneration of Mr.S.Surya Narayanan as they may deem proper from time to time considering the nature and scope of his activities as shall be permissible and in conformity with applicable provisions of the Companies Act,1956

Date : 30<sup>th</sup> June 2008  
Place: Chennai

For and On behalf of the Board

**V.V.NARESH**  
Company Secretary

### NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE MEMBER OF THE COMPANY.** Proxies, in order to be effective must be received at the company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of Companies, Societies and Partnership firms etc must be supported by appropriate resolution/authority as applicable issued on behalf of the nominating organization.
2. The Register of members and transfer books of the Company will be closed from Wednesday, the 20<sup>th</sup> day of August 2008 to Thursday, the 28<sup>th</sup> day of August 2008(both days inclusive).
3. In terms of Clause 49 of the Listing Agreement entered with Stock Exchanges, a brief resume of the directors proposed to be reappointed in this meeting, nature of expertise in specific functional areas, their other directorship, committee membership and their Shareholdings in the Company are annexed to this notice.
4. Members wishing to claim dividends, which remain unclaimed are requested to correspond with Mr. V.V. Naresh, Company Secretary at the Company's corporate Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's unpaid dividend account, will as per Section 205A of the Companies Act, 1956 be transferred to the Investors Education and Protection Fund.

### ANNEXURE TO THE NOTICE CONVENING THE ANNUAL GENERAL MEETING

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

**Mr.P.S.Raman**

#### Profile and expertise in specific functional areas

Born on 7<sup>th</sup> November 1960, Mr.P.S.Raman holds bachelor degree in commerce and Law. He is an advocate with more than twenty years of practice in Madras High court and in the Supreme Court. He is an additional Advocate General of Tamilnadu.

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



## Celebrity Fashions Limited

He was co-opted as a Director by the Board on 6<sup>th</sup> September 2005.

Mr. P.S. Raman is also a Director in Sundaram Brake Linings Limited and does not hold any share in the Company.

### Mr. N.K. Ranganath

#### **Profile and expertise in specific functional areas**

Born on 13<sup>th</sup> March 1956, Mr. N.K. Ranganath is a mechanical engineer and holds a post graduate degree in Business Management from XLRI.

Mr. N.K. Ranganath is Chief Operating Officer and Managing Director of M/s.Grundfos Pumps India Private Limited. He had acquired valuable knowledge, experience and expertise in sales, marketing, finance, production and human resources disciplines.

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

### ANNEXURE TO THE NOTICE

#### **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

**The following explanatory statement set out all material facts relating to the business mentioned in the Notice**

#### **Item no. 5**

The Board of Directors of your company at their meeting held on 13<sup>th</sup> December 2007 had appointed Ms.Anjali Rajagopal, daughter of Mr.V.Rajagopal and Mrs.Rama Rajagopal, Directors to hold office or place of profit as Management Trainee on remuneration of Rs.40,000/- per month effective from 21<sup>st</sup> January 2008.

Accordingly, in terms of section 314 of the Companies Act, 1956, the approval of the members through Special Resolution is accorded to Ms.Anjali Rajagopal for holding and continuing to hold an office or place of profit with the company on the terms and conditions set out in the aforesaid resolution.

None of the Directors of the Company except Mr.V.Rajagopal and Mrs.Rama Rajagopal are interested or concerned in the proposed resolution.

#### **Item No.6**

The Board of Directors of your company at their meeting held on 28<sup>th</sup> March 2008 had appointed Mr.Vidyuth Rajagopal, son of Mr.V.Rajagopal and Mrs.Rama Rajagopal, Directors to hold

office or place of profit as Management Trainee on remuneration of Rs.30,000/- per month effective from 1<sup>st</sup> June 2008.

Accordingly, in terms of section 314 of the Companies Act, 1956, the approval of the members through Special Resolution is accorded to Mr.Vidyuth Rajagopal for holding and continuing to hold an office or place of profit with the company on the terms and conditions set out in the aforesaid resolution.

None of the Directors of the Company except Mr.V.Rajagopal and Mrs.Rama Rajagopal are interested or concerned in the proposed resolution.

#### **Item No.7 to 9**

The Shareholders of the Company in their Extra ordinary General Meeting held on 25<sup>th</sup> November 2005 had appointed Mr.V.Rajagopal as Chairman and Managing Director, Mrs.Rama Rajagopal as Executive Director and Mr.S.Surya Narayanan as Executive Director of the Company for a period of five years with effect from 1<sup>st</sup> October 2005.

Subsequently, due to inadequacy of profits, the approval from the members by way of Postal Ballot on 23<sup>rd</sup> March 2007 was obtained to pay minimum remuneration to whole time directors effective from 1<sup>st</sup> April 2006 for a period of three years.

The Board of Directors at their meeting held on 13<sup>th</sup> December 2007 have approved to reduce the remuneration payable to whole time director from Rs.42,00,000/- to Rs.24,00,000/- per annum with effect from 1<sup>st</sup> January 2008.

Accordingly, special resolution has been set out under item no. 7 to 9 seeking the approval of the members to pay reduced remuneration with effect from 1<sup>st</sup> January 2008.

A notice dated 13<sup>th</sup> December 2007 under Section 302 of the Companies Act, 1956 had already been sent to all the members of the company.

All the wholetime directors are interested in the above disclosures as it relates to the variation of their remuneration. None of the other Directors of the Company is in any way concerned or interested in the resolutions.

Date : 30<sup>th</sup> June 2008  
Place: Chennai

For and On behalf of the Board

**V.V. NARESH**  
company secretary





## Celebrity Fashions Limited

### DIRECTOR'S REPORT

Dear Shareholders,

Your Directors hereby present the 19<sup>th</sup> Annual Report along with the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March 2008.

#### Industry Overview

The year 2007-2008 proved to be an exceptional year for the textile & garment industries of some countries & tumultuous for others. On one hand countries like China & Vietnam had a very excellent year, on the other hand countries like India had declining figures.

The textile & garment industry in India had to face the contentious issue of the appreciation of the rupee. The rupee has appreciated by nearly 15 percent in the last one & half year which has severely affected the competitiveness of the textile & garment industry.

India recorded a decline of 12 percent in dollar terms & 20 percent decline in rupee terms in the first half of the current fiscal. The biggest decline to the tune of 29.13 percent was witnessed in export of Man-Made Fibre garments corresponding to the previous year. Export of cotton textiles also declined by 16.62 percent.

#### Business Overview

After the acquisition of the MEPZ plant in 2006-07, your Company had to face big challenges for integrating the Plant into the mainstream. Two principal customers insisted upon re-qualifying process, which resulted in underutilization of capacities in the acquired plant in the initial periods. To compensate, your company started sourcing Low Margin Orders to have the capacity filled in the short run. Even though the MEPZ Plant qualified for the two customers, one of them had run into problems in their own backyard in US because of slow down and hence cut down on the orders at MEPZ. This was a period when the company has indicated capacity bookings. The last minute withdrawal proved costly as the inherent time for a customer acquisition in the field extends to periods varying from 8 to 24 months.

During the same period, your company also made a strategic decision to convert the Apparel Park Unit – "Jwala" at Irrungattukkottai into a Bottoms Plant against the original plan of manufacturing shirts. This was done looking at the Opportunities in Bottoms post quota regime wherein China is under strict norms. The Jwala Plant started commercial production during January 2007.

FY 2006-07 was characterized by underutilization of capacities and slower ramp up both at MEPZ and at new plant resulting

in business loss even though the turnover of the overall entity grew from Rs 160 Crores to 333 Crores.

#### Present Scenario:

The apparel industry in general and your Company in particular is facing Business / Environmental Challenges on Exports mainly on account of Strengthening of INR against USD, Slowing down of US Economy resulting in shrinkage of Orders and Thinning margins as same Cutmake to meet the growing labor and other costs.

Your Company has clearly recognized that the performance of the acquired plant at MEPZ-SEZ as the single biggest factor for the losses in the last year two years. Performance at MEPZ Plant was affected mainly on account of: Operational Costs and efficiencies at the Plant not in line with the businesses and margin realizations; Non-replacement of high and lower margin businesses and Severe drop in Operational Efficiencies while integrating the Staff and Management at the acquired Plant.

In view of the above, your Company has been reporting losses in the Exports Division for the past six quarters.

Even though your Company was facing challenges on the Exports front, Company has been witnessing a significant growth in "Indian Terrain". Brand Indian Terrain has grown by over 17% as compared to last year. Indian Terrain has added nearly 20 Own Stores during the year. Indian Terrain's presence is felt at over 400 outlets across the nation.

Your Management has realized that for the Indian Terrain brand to reach its full potential it would need significant investment in Retail space, Advertising, Expansion of Product width and a deeper Management band width. Domestic apparel market is on full swing with rising income levels of individuals and growth of organized retail sector and Indian Terrain has much to be part of the same.

Hence your Company has very clearly formatted its strategy to reduce the Company's dependence and exposure on the Exports front and invest and grow more deeply in the Indian market through Own retail brand.

As part of the strategy, MEPZ Plant which was operating on double shift has been converted into single shift plant in a phased manner. This will bring down the manpower and other variable costs significantly. The attempt is to bring the costs in line with the planned revenues. Further the management of these optimized levels of production will drive up the efficiencies in operations.

Indian Terrain will be opening Exclusive Branded Outlets in non-traditional locations to grab the opportunities. Indian Terrain has launched its foray in to the Women's Wear segment by the launch of Women's Wear during May 2008.





## Celebrity Fashions Limited

The brand values of Indian Terrain are substantial. Your Company's turnaround strategies reflect the management's responses to the changing Business Environments. This success of the strategy would definitely improve the valuations of the Company as a whole.

### Financial Snapshot

The Company's Income from Operations was at Rs.332.34, as compared to the previous year's figure of Rs.332.90 crores.

Loss before tax and prior period adjustments stood at Rs.19.30 crores as against Rs.6.39 crores in the previous year

Net loss after provision for taxes but before prior period items is at Rs.19.60 crores as against Rs.4.85 crores last year.

### Financial Performance (Rs. In lakhs)

	2007-2008	2006-2007
Income From operations	33,234.20	33,289.80
Gross Profit / (Loss) Before Interest & Depreciation	1,012.35	1,869.51
Interest	1,928.69	1,566.29
Profit / (Loss) Before Depreciation & Tax	(916.34)	303.22
Depreciation	1,013.88	942.38
Profit/ (Loss) Before Tax	(1,930.22)	(639.16)
Provision for Taxation	29.70	(153.96)
Profit / (Loss) After Tax	(1,959.92)	(485.20)
Provision with respect to Earlier Year	-	64.96
Net Profit / (Loss) after Tax	(1,959.92)	(550.16)
Balance brought forward from last year	1,654.39	2,204.55
Total amount available for Appropriation	(305.53)	1,654.39
Appropriations	-	-
Balance carried to Balance Sheet	(305.53)	1,654.39

### Sale of Jwala Plant at Irrungattukottai

The management upon reviewing the opportunities in the textile sector decided to sell its undertaking, Jwala, situated at Irrungattukottai on a going concern basis by way of slump sale. Accordingly, your Company entered into an agreement

with M/s. Jeans Knit Private Limited for the sale of the plant. The effective date of transfer of the plant is 1<sup>st</sup> April 2008. The value of assets to be transferred in the sale amounts to Rs.35.79 crores as at 31<sup>st</sup> March 2008.

### MEPZ Plant – Suspension of Operations during May 2008

The management of your Company has been taking a series of measures to reduce the operating losses and then to streamline the MEPZ Plant in all respects to align it to the current business potential and revenues. The major actions include: Conversion of the Plant into Single Shift from current double shift operations; Manpower rationalization and re-location; Reduction in managerial staff and supervisory staff; Reasonable increments for Workers for FY 2008-09 with no increments for Staff including factory staff. This action of the Management were not supported by a portion of the workers who started indulging in alleged Low productivity which resulted in Wastage of Raw material; Short Shipments and Production delays resulting in air freights.

Also, some of the workers have taken objection to re-location and has resorted to stoppage of work in our Product Development Centre. This spread to other areas of the factory resulting in Unjustified and illegal strike by 20% of the workers and the balance on tool down strike inside the factory. The factory management made all earnest efforts and attempts in convincing the workers to restore normalcy but the results were in vain. Considering this, the management out of painful necessity decided to suspend the Plant operations in May 2008.

The plant resumed operations from 4<sup>th</sup> June 2008 and over 170 workers were removed from the payroll of the Company. But on a positive note, the elimination of shift operations has been done straightaway while re-opening the plant instead of doing in a phased manner.

### Finance and Accounts

The Company has incurred business loss for the year and hence there is no provision for income tax.

The Company has not availed any credit facilities from any institutions during the year and has repaid loans to an extent of Rs.17.61 crores.

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

### Share Capital

During the year, the Company pursuant to ESOP 2005 Scheme has allotted 22,600 equity shares on conversion of options exercised by the employees. Consequently, the Share Capital has increased by Rs.2.26 lakhs.

### Dividend

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



## Celebrity Fashions Limited

### Personnel

The Board wishes to place on record its appreciation to all the employees in the Company for their sustained efforts and contribution for the operations of the Company.

### Directors

The whole time Directors have been accorded approval for payment of minimum remuneration under Section 198(4) read with Section II of Part II of Schedule XIII of the Companies Act, 1956, consequent to which the terms of appointment has been fixed for 3 years effective from 1<sup>st</sup> April 2006. Due to inadequacy of profits, The Board of Directors at its Meeting held on 13<sup>th</sup> December 2007 approved on recommendation of the Remuneration and Compensation Committee and subject to the approval of Members in the ensuing Annual General Meeting, modified the remuneration of the whole time Directors of the Company with effect from 01<sup>st</sup> January 2008 as Rs.24.00 lakhs per annum for each of the whole time Director as against Rs.42.00 lakhs per annum earlier.

Mr. P.S. Raman, Mr. N.K. Ranganath and Mrs. Nidhi Reddy were appointed as directors in the 17<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> September 2006.

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

### Auditors

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

### Corporate Governance Report and Management Discussion and Analysis Statement

A report on Corporate Governance is attached to this Report as also a Management Discussion and Analysis statement.

### Particulars as per Section 217 of the Companies Act, 1956

- A) Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 and based on the representations received, your Directors hereby confirm that:
- In the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2008, the applicable Accounting Standards have been followed and there are no material departures;
  - The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors have prepared the Annual Accounts on a going concern basis.

B) The Particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 are given in a separate statement attached to this Report and forms part of it. However as per Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said statement may write to the Company Secretary of the Company and the same will be mailed

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

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

ii. Technology absorption: Not applicable.

iii. Foreign Exchange Earning and Outgo:  
Total Foreign exchange earned (FOB Value)  
Rs.25,396.20 lakhs

Total Foreign exchange outgo  
Rs. 9,850.48 lakhs

### Employee Stock Option Plan

The particulars of ESOP Scheme 2005 which are provided as per the SEBI ESOP Guidelines, forms part of this report.

### Appreciation

Your Directors are sincerely thankful to you – the esteemed shareholders, customers, business partners, financial / investment institutions and commercial banks for the faith reposed and valuable support provided by them in your Company and its Management.

**For and on Behalf of the Board**

**V Rajagopal**

Chennai, 30<sup>th</sup> June 2008

Chairman & Managing Director