

# **INDIAN TERRAIN FASHIONS LIMITED**



**6<sup>th</sup>  
ANNUAL REPORT 2014 - 2015**



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### Board of Directors

Mr. V.Rajagopal, Chairman and Managing Director  
 Mrs. Rama Rajagopal, Executive Director  
 Mr. N.K. Ranganath, Independent Director  
 Mr. P.S. Raman, Independent Director  
 Mr. Harsh Bahadur, Independent Director  
 Mr. Manoj Mohanka, Independent Director

### Company Secretary

Mr. J. Manikandan

### Chief Executive Officer

Mr. Charath Ram Narsimhan

### Chief Operating Officer

Mr. Amitabh Suri

### Chief Financial Officer

Mr. M. Thiyagarajan

### Registered Office:

NO. 208, Velachery, Tambaram Road,  
 Narayanapuram, Pallikaranai,  
 Chennai-600 100

### Corporate Office:

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

### Statutory Auditors

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

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

### Internal Auditors

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

### Banker

State Bank of India Overseas Branch, Chennai - 600 001

### Warehouse

70/2 & 3A, Agaram Road, Thiruvanchery Village,  
 Chennai 600 073.



**NOTICE CONVENING THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Sixth Annual General Meeting of Indian Terrain Fashions Limited will be held on Friday, the September 25, 2015 at 11.30 A.M at the Corporate Office of the Company Situated at SDF IV & C2 , 3rd Main Road, MEPZ/SEZ, Tambaram, Chennai-600 045 to transact the following businesses:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2015 including audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs.Rama Rajagopal (holding DIN 00003565), who retires by rotation and being eligible offers herself for re-appointment.
3. To ratify the appointment of Auditors of the Company who were appointed at the 5th Annual General Meeting to hold Office for a period of 3 years (i.e) till the conclusion of next Annual General Meeting of the Company to be held in the Calendar year 2016, and to authorize the Board of Directors to fix their remuneration and to pass the following Ordinary Resolution.

“**RESOLVED** that pursuant to the provisions of section 139 & 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Registration No.004915S), M/s Anil Nair & Associates, Chartered Accountants, Chennai (Firm Registration No. 0000175S), who were appointed as auditors of the Company at the 5th Annual General Meeting, to hold office till the conclusion of the Next Annual General Meeting of the Company to be held in the Calendar Year 2016, be and hereby ratified , and that they shall be paid a remuneration as fixed by the Board of Directors of the Company.

**SPECIAL BUSINESS:**

4. Re-appointment of Mr.V. Rajagopal as Managing Director of the Company

To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof), if any, the approval of the Members be and is hereby accorded to the re-appointment of Mr.V.Rajagopal (DIN. 00003625) as the Managing Director of the Company for a period of Five Years effective from 1st October 2015 to 30th September 2020 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution.”

Date : 11th August 2015  
Place : Chennai

For and on behalf of the Board  
J. Manikandan  
Company Secretary

**NOTES:**

1. A Member entitled to attend and vote in the above meeting is entitled to appoint a proxy to attend and vote instead of himself. Proxy need not be a member. Proxies in order to be effective

should be lodged with the company at the registered office of the company at least 48 hours before the commencement of the meeting. Proxies submitted on behalf of the Companies, Societies and Partnership firms etc must be supported by appropriate resolution/authority as applicable, issued on behalf of the nominating organization.

2. Corporate members are requested to send a duly certified copy of the Board Resolution, authorizing their representative to attend and vote at the Annual General Meeting.
3. The members/proxies are requested to bring their copy of the Annual Report to the Meeting along with duly filled in Attendance Slips for attending the Meeting.
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
5. The Register of Members and the Share Transfer books of the Company will remain closed from 18th September 2015 to 25th September 2015. (both days inclusive)
6. Members are requested to notify Change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares members are requested to advise any change of communication address immediately to the Registrar and Transfer Agent, Viz. M/s Link in time India Private Ltd, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (w), Mumbai-400078.
7. 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.
8. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are given in Annexure A. The cut off date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be 18th September 2015.
9. The members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting in terms of notification issued by the Ministry of Corporate Affairs dated 19.03.2015.
10. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Director seeking re-appointment at the Annual General Meeting, forms integral part of the notice. The Director have furnished the requisite declaration/Consent for her re- appointment.

**Profile of Director being re-appointed as required under Clause 49 of the Listing Agreement, in the order of the item mentioned in the Notice:**

**Mrs.Rama Rajagopal**

Mrs.Rama Rajagopal, aged 59 years, is a Whole Time-Director of our Company. She holds a post graduate degree in economics from University of Bangalore. She joined the Board of Directors of the company on 29th September 2009. As on March 31, 2015, Mrs.Rama Rajagopal holds 1240586 (17.26%) equity shares in the Company. Apart from Indian Terrain Fashions Limited, she is a Director in Celebrity Fashions Limited.



**11. IMPORTANT SHAREHOLDER COMMUNICATION:**

The Ministry of Corporate Affairs (“Ministry”), Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode. As per the Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders. In case you are desirous of having a complete text of Annual Report 2014-15, you may write to us at response.itfl@indianterrain.com or at the registered Office of the Company. The Annual report of the Company can be accessed at www.indianterrain.com in the investor section.

Electronic copy of the Annual Report for 2015 and notice of the 6th Annual General Meeting of the Company is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and notice of the 6th Annual General Meeting of the Company for the financial year 2014-2015 along with Attendance Slip and Proxy Form is being sent in the permitted mode.

**12. E-Voting:**

**Voting through electronic means:** The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice by ‘electronic means’ and all the businesses may be transacted through e-voting services provided by Central Depository Services (India) Limited.

The Company is providing facility for voting by electronic means in compliance with the provisions of Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rule, 2014 and the revised Clause 35B of the Listing Agreement

**The instructions for shareholders voting electronically are as under: (Annexure - A)**

- (i) The voting period begins on 22nd September, 2015 at 9.00 A.M. and ends on 24th September, 2015 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 18th September 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The facility for voting, through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through polling paper in the Annual General Meeting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (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.

(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 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 Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters.Eg.If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date or 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 if/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 for the relevant <Company Name> on which you choose to vote.
- (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 voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same 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) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details they should create a compliance user 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 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.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxi) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date(record date) of 18th September 2015.
- (xxii) Mr S. Bhaskar, Practising Company Secretary, has been appointed as the Scrutinizer to scrutinize the e- voting process in a fair and transparent manner.
- (xxiii) The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxiv) The Results shall be declared by the Chairman or by any person authorised by him in this regard on 28th September 2015. The result along with the Scrutinizer's Report shall be placed on the Company's website [www.indianterrain.com](http://www.indianterrain.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE & NSE Limited. The resolution, if approved, will be taken as passed effectively on the date of declaration of the result, explained as above.

- (xxv) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays & Sundays, up to and including the date of the Annual General Meeting of the Company.

Date : 11th August 2015

Place : Chennai

For and on behalf of the Board

J.Manikandan

Company Secretary

## I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No.4

The Board of Directors of the Company at their meeting held on 11th August 2015 has re-appointed Mr.V.Rajagopal Chairman and Managing Director of the Company as per the provisions of the Companies Act 2013 with effect from 1st October 2015 to September 2020 for a period of 5 years ,subject to the approval of the shareholders at the ensuing 6th Annual General Meeting.

As such, the present term of office of Mr.V.Rajagopal shall expire on 30th September, 2015. Mr.V.Rajagopal currently holds overall responsibility for the working of the Company. Keeping in view the contribution made by Mr.V.Rajagopal for the growth of the Company, the Board of Directors of the Company and the Nomination & Remuneration Committee have recommended the reappointment of Mr.V.Rajagopal for a period of Five (5) years effective from 1st October 2015 for a remuneration of Rs. 3,50,000/- per month.

The above may be treated as an abstract of the terms of appointment and Memorandum of concern or interest, pursuant to Section 190 of the Companies Act, 2013.

Except Mr.V.Rajagopal, the Managing Director of the Company and Mrs.Rama Rajagopal, Whole Time Director, Spouse of Mr.V.Rajagopal, no other Directors are interested or concerned on the passing of the resolution.

Date : 11th August 2015

Place : Chennai

For and on behalf of the Board

J.Manikandan

Company Secretary

## DIRECTORS REPORT

Dear Members,

The directors have pleasure in presenting the 6th Annual Report together with the audited accounts of your Company for the year ending 31st March 2015.

### Industry and Business Performance

The outlook for India is for economic strengthening through higher infrastructure spending, increased fiscal devolution to states and continued reforms to financial and monetary policy. The government underscored its intention to move steadily to tackle politically difficult structural issues that have stalled investment and limited economic performance in recent years. Growth picked up in 2014, inflation markedly declined and the external position was comfortable, helped by positive policies and lower global oil prices.

The opportunities for growth in India continue to be immense across all consumer categories. This fact is also reflected in high levels of competitive intensity in the marketplace. India's consumer confidence continues to remain robust.

The total apparel retail market is worth USD 54.08 bn (Rs.324500 crs)



and is growing at 20-21%. It is expected to be worth USD 94.13 bn (Rs.564972 crs) by 2017.

Modern retail is estimated at 43.1% of this total market and is expected to grow by much higher growth rate. There has been no slowing down in modern retail and the industry estimates that it will be growing at 30-40%.

The growth was primarily driven by the surge in demand for readymade apparel in semi-urban areas, rising income levels, youth population, rising influence of the social media and increasing preference for branded apparel.

Your Brand being positioned as a premium, smart casuals brand today has a presence in 200+ towns and cities. The growing popularity of the Brand with a strong customer connect enabled the Company to achieve the revenues of over Rs.290 crs, a growth of 25.14% from previous year.

Profit before Interest, Depreciation and Tax was up by 40.19 % and stood at Rs.34.29 crs as against Rs.24.46 crs previous year. The Net Profit After Tax stood at Rs.17.97 crores vis-a-vis Rs.9.88 crores representing whopping 81.90% increase for 31st March 2015.

Rs. in Crores

	FY 2014-15	FY 2013-14
Revenue From operations	290.41	232.06
Gross Profit / (Loss) before interest and depreciation	34.30	24.46
Interest	8.63	9.50
Profit / (Loss) before depreciation and tax	25.67	14.96
Depreciation	2.92	2.46
Profit / (Loss) before tax	22.75	12.50
Provision for Taxation	4.77	2.62
Profit / (Loss) after tax	17.98	9.88
Balance brought forward from previous year	20.77	10.89
Less: Value of LTO assets Written off	0.67	-
Balance carried to Balance Sheet	38.07	20.77

## Raise of Capital through Qualified Institutional Placement

The year under review was remarkable and marked a great momentum in paving the way for the future direction of the Company. Your Company raised Rs.75 crs as equity to provide the necessary capital to fuel the future growth through Qualified Institutional Placement during January 2015.

Your Company issued 14.12 lakh shares at Rs.531/- each aggregating to Rs.75 crs to domestic and international funds.

Consequent to the same, your Company's Paid-Up Share Capital increased by Rs.1.41 crs and the Securities Premium account increased by Rs.71.41 crs (after deduction of share issue expenses). The additional shares of 14.12 lakhs were admitted for listing in the National Stock Exchange of India Limited and Bombay Stock Exchange Limited on February 03 2015.

## Dividend

With a view to conserve the resources, the Board of Directors have not recommended any Dividend for the current financial year.

## Finance and Accounts

Your Company has a portion of Accumulated losses and unabsorbed depreciation transferred pursuant to Demerger and hence the Company is not liable to Current Tax. However, the Company has charged the Minimum Alternate Tax (MAT) of Rs.4.77 crores to Profit and Loss Account and has not considered MAT credit Entitlement as an asset as a matter of prudence.

During the year under review, your company realigned its Depreciation Policy in accordance with Schedule II, Companies Act, 2013. Consequently with effect from 1st April 2014, the carrying value of assets is now depreciated over its revised remaining useful life. Where the remaining useful life of the assets is NIL as on 1st April 2014, carrying value of assets amounting to Rs.67.46 lakhs has been adjusted against opening reserves.

Your Company has settled the dues of HDFC Bank in full during the year under review. Also your Company has prepaid the term loans of State Bank of India. The Company presently avails only working capital facilities from State Bank of India.

The company has not accepted any deposits within the meaning of Section 73 of the Companies Act 2013.

## Cash flow Statement

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31st March 2015 is annexed hereto.

## Related Party Transactions

All the transactions with the Related Parties are in the Ordinary Course of Business and on Arm's length basis. The details on Related Party Transactions have been disclosed in the notes to accounts. Your Company has framed a policy on Related Party Transaction and the same has been displayed on the Company's website www.indianterrain.com

The details of related party transactions pursuant to clause (h) of sub-section (3) of section 134 of the Act is enclosed in form no. AOC-2 as Annexure-2

## Corporate Governance Report

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI.

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms a part of the Annual Report.

The requisite certificate from the Auditor, M/s CNGSN & Associates confirming the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms a part of this report.

## Management's Discussion and Analysis Report

A detailed review on the operations and performance of the Company along with the outlook is presented separately under the Management Discussion and Analysis Report which forms part of this Annual Report.

## Compliance with Code of Conduct

Your Company has put in place a Code of Conduct for its Board Members and Senior Management Personnel. Declarations of Compliance with Code of Conduct have been received from all the Board Members and Senior Management Personnel. A Certificate to



this effect from Mr. V. Rajagopal, Chairman and Managing Director forms part of this Report.

## Corporate Social Responsibility (CSR)

Your Company has constituted a Corporate Social Responsibility Committee and the Board has adopted a CSR Policy as recommended by the Committee. The CSR policy is available in the Company's website [www.indianterrain.com](http://www.indianterrain.com). The particulars relating to CSR committee and policy have been detailed in Corporate Governance Report.

A sum of Rs.13.25 lakhs had been contributed to Prime Minister's Swatch Bharath Scheme for the year ended 31st March 2015.

## Establishment of Vigil Mechanism

Your Company has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been adopted by the Board Members. The Whistle Blower Policy covering all employees and directors is hosted on the Company's Website [www.indianterrain.com](http://www.indianterrain.com)

## Employee Stock Option Plan (ESOP)

Your Company has introduced Employee Stock Option Plan 2011 in accordance with SEBI ESOP guidelines. The Particulars of the plans are given in a separate statement attached to this report and forms part of it. (Annexure-3)

During the year, the Company pursuant to Employee Stock Option Plan 2011 has allotted 82,500 equity shares on conversion of options exercised by the employees. Pursuant to the same, your Company's Share Capital increased by Rs.8.25 lakhs and the Securities Premium Account increased by Rs.73.43 lakhs

## Directors

In accordance with the provisions of Section 152 of the Companies Act 2013, Mrs. Rama Rajagopal retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

All Independent Directors have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement

## Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure--4"

## Meeting of Board

The particulars relating to the meeting of Board of Directors has been detailed in Corporate Governance Report which forms part of the report

## Key Managerial Personnel

To comply with requirement of Section 203 of the Companies Act, Mr. V.Rajagopal, Chairman & Managing Director, Mr. M. Thiagarajan, CFO and Mr. J Manikandan, Company Secretary have been designated as the Key Managerial Personnel of the Company.

## Remuneration Policy

The particulars relating to Directors of remuneration policy has been detailed in Corporate Governance Report which forms part of the report.

## Particulars of Loan, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provision of section 186 of the Companies Act, 2013. The details of the investments made by the company are given in the notes to the financial statements.

## Material changes & Commitment, if any affecting the financial position of the company which have occurred between the end of

## the financial year of the company to which the financial statement relate and the date of the Report - Nil

## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Appointment & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## Report as per Section 134 read with Rule 8 sub rule 5 of Companies Accounts Rules 2014:

Change in nature of business, if any: Nil

Details of Director or KMP appointed or resigned: Nil (Only designated)

Name of Companies which become or cease to be its subsidiaries, JV or associate during the year – Nil

Details relating to deposits covered under Chapter V of Companies Act 2013: Nil

Details of deposits which are not in compliance with the requirements of Chapter V of Companies Act 2013: Not Applicable

## Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

The Company was not in receipt of any orders from the regulator / courts / tribunals impacting the going concern status of future operation of the Company. The Company was in receipt of the notice / order from statutory authorities during the year for claims not acknowledged by the company as debts. The details of the same have been provided in Note 27 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 thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board

## BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a business risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report which form part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

## Familiarisation Programme for Independent Director:

The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The details of such familiarization programmes for the Independent Directors are posted on the website of the Company (for details, please visit [www.indianterrain.com](http://www.indianterrain.com))



## Auditors

M/s. Anil Nair & Associates and M/s. CNGSN Associates LLP, Chartered Accountants, Chennai are the Auditors of the Company. They were appointed in the 5th Annual General Meeting of the Company till the conclusion of third consecutive Annual General Meeting of the Company and subject to ratification by the shareholders at every Annual General Meeting. A motion for ratification will be placed before the Members of the Company in the 6th Annual General Meeting for their approval.

M/s Anil Nair and Associates have applied for re-evaluation of certificate and the process is on-going. As on the date of signing this Balance Sheet, the Chartered Accountant Firm, M/s Anil Nair and Associates is yet to receive the certificate from the Peer Review Board.

Consequently as a matter of abundant prudence, M/s Anil Nair and Associates have abstained from signing the Balance Sheet of the Company. The Annual Accounts of the Company along with its Balance sheet, statement of Profit and Loss along with Cash flow statement have been audited and signed by CNGSN & Associates, LLP.

## Cost Auditor

Since the Company is not in the purview of Cost Audit, the appointment of Cost Auditor under the requirement of the provisions under Section 148 of the Companies Act, 2013 is not required for the financial year 2015-16.

## Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Bhaskar, Company Secretary in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as "Annexure-5".

## Listing Fee

The equity shares of your company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Your Company has paid the applicable listing fee to the Stock Exchanges upto date.

## Personnel

Employee relations have been very cordial during the year ended 31st March 2015. The Board wishes to place on record its appreciation to all the employees in the company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year. The Management team of your Company comprises of young passionate driven professionals committed to the organizational goals.

## Policy on Prevention of Sexual Harassment of Woman at Workplace:

Your 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 complaints received regarding sexual harassment and discrimination at workplace.

During the year ended March 31, 2015, the ICC has received no complaints pertaining to sexual harassment / discrimination at work place.

## Directors Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed with explanation related to material departures if any.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

## Conservation of Energy / Technology Absorption / Foreign Exchange

### 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.0.69 crs
Total Foreign exchange outgo	Rs.6.17 crs

## Appreciation

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The unstinted efforts of the employees have enabled your Company to achieve its goals during the year. The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with the Company as trade partners.

The Directors are sincerely thankful to the esteemed Shareholders, Customers, Banks, Government Departments and Regulatory Authorities for their continued support.

For and on Behalf of the Board

V. Rajagopal

Chennai, 21st May 2015

Chairman & Managing Director

## ANNEXURE - I TO DIRECTORS REPORT

A. Particulars pursuant to section 197 (12) and the relevant rules:

- a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and such other details as prescribed is as given below:

Name	Designation	Ratio
V. Rajagopal	Chairman & Managing Director	24.42 : 1
Rama Rajagopal	Executive Director	24.42 : 1





- b) The Percentage increase in remuneration of each director, CFO, CEO, CS or Manager, if any in the Financial Year.

Name	Designation	%
V Rajagopal	Chairman & Managing Director	Nil
Rama Rajagopal	Executive Director	Nil
M Thiyagarajan	Chief Financial Officer	13.8%
J Manikandan	Company Secretary	11.6%

- c) the percentage increase in the median remuneration of employees in the Financial Year: 16.1%

- d) The number of permanent employees on the rolls of the company: 398 as on 31st March 2015.

- e) The explanation on the relationship between average increase in remuneration & Company performance:

The Company's PAT has grown from 9.88 Crores to 17.98 Crores, an increase of 82% against which the average increase in remuneration is 21.3% and the increase is aligned with the compensation policy of the Company.

- f) Comparison of the remuneration of KMP against the performance of the company

Name	Designation	Remuneration*	%Increase in Remuneration	PAT in Crs	% in Increase in PAT
V Rajagopal	CEO/MD	42 lacs	Nil	17.98	82%
M Thiyagarajan	CFO	14.47 lacs	13.8%		
J Manikandan	CS	12.50 lacs	11.6 %		

\*Remuneration include salary earned during the financial year

- g) Variations in the market capitalization of the Company, Price earning ratio as at the closing date of the current financial year and previous year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Date	Issued Capital	Closing Market Price per Share	EPS	PE Ratio	Market Capitalisation in Crs
31.03.2014	5691331	152.50	17.45	8.74	86.79
31.03.2015	7186260	596.75	30.04	19.86	428.84

Date	Issued Capital	Closing Market Price per Share	EPS	PE Ratio	Market Capitalisation in Crs
Incl/ (Decrease)	1494929	444.25	12.59	11.12	324.04
Issue Price of the share at the last offer (QIP)			531		
Increase in market price as on 31.03.2015 as compared to Issue price of QIP			65.75		
Increase %			12.38%		

- h) 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 22.2% for employees other than Managerial Personnel & 2.7% for Managerial Personnel (KMP)

- i) The key parameters for any variable component of remuneration availed by the directors: No Directors have been paid any variable remuneration
- j) The ratio of the remuneration of the highest paid directors to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Director	Employee	Ratio
V Rajagopal	Charath Ram Narsimhan	1:3.41
V Rajagopal	Amitabh Suri	1:2.47
Rama Rajagopal	Charath Ram Narsimhan	1:3.41
Rama Rajagopal	Amitabh Suri	1:2.47

Remuneration of the employees includes perquisites value for ESOPs exercised during the year

- k) If remuneration is as per the remuneration policy of the company: Yes

**B. Information as per Section 197 of the Companies Act, 2013 read with Rule 5(2) & 5(3) Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors Report for the year ended March 31, 2015.**

Name	Designation	Nature of Employment	Remuneration*	Qualification & Experience	Date of Employment	Age	Previous Employment	Percentage of shares held by the Employee	Relative of a Director / Manager or not
Charath Ram Narasimhan	CEO	Full Time	143.37	BTech (IIT), PGDBM (IIM), 18 years	07/11/2005	42	Madura Garments	1.52%	No
Amitabh Suri	COO	Full Time	103.84	PG (Apparel Marketing & Merchandising) –NIFT Chennai, 15 years	26/03/2001	39	First Employment with Indian Terrain	0.77%	No

\*Remuneration include salary earned during the financial year and perquisite value of ESOP received during the financial year



**ANNEXURE - II TO DIRECTORS REPORT  
FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

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

SI. 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 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.

SI. No	Particulars	Details
1	Name (s) of the related party	Celebrity Fashions Limited.
2	Nature of Relationship	Mr.V. Rajagopal & Mrs.Rama Rajagopal ,Directors of Indian Terrain Fashions Limited are also Directors in Celebrity Fashions Limited
3	Nature of contracts/ arrangements/ transaction	Jobwork Charges, Material Purchases and Rentals
4	Duration of the contracts/arrangements/ transaction	Not Applicable
5	Salient terms of the contracts or arrangements or transaction including the value, if any	Upto Maximum of Rs.40 Crores in any financial year
6	Date of approval by the Board	13th November 2014
7	Amount paid/Received as advances, if any (Rs. in Crores)	32.70

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.

**Annexure - III to Directors Report**

**Employee Stock Option**

During the Financial Year 2011-12 the company has formulated an Employee Stock Option Scheme in accordance with the provision of (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines,1999

Particulars	ESOP-2011
Options Granted	1116000 options
The Pricing Formula	Growth options - 886000 options @Rs.99 per options; Thank You options-230000 options at Rs.10/- each
Options Vested	292200 options ; Growth: 1,77,200 options & Thank You:115000
Options Exercised	82500
Total number of shares arising as result of exercise of options	11,16,000 Equity Shares
Options Cancelled / Lapsed	521500 options
Variation of terms of Options	Growth Options: Subject to continued employment with the Company and fulfilment of performance parameters determined by Compensation Committee. Thank You Options:Subject to continued employment with the Company
Money realised by exercise of options	Rs.8,25,000/-
Total number of options in force	4,02,000 options
Employee wise details of options granted to	
a. Senior Managerial Personnel	11,16,000 options (detailed below)
b. Employees receiving 5% or more of the total number of options granted during the year	11,16,000 options (detailed below)
c. Identified employees who were granted option during anyone year equal to or exceeding 1% of the issued capital of the Company at the time of grant	Mr.Charath Ram Narsimhan Mr.Amitabh Suri Mr.S.Surya Narayanan
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS 20	30.04



## Shares Granted to Senior Management

Employee Name	Total Options	Growth Options	Thank you Options	% of Issued Capital
Charath Ram Narsimhan	500000	390000	110000	9%
Amitabh Suri	335000	280000	55000	6%
S.Surya Narayanan	225000	170000	55000	4%
John Dulip kumar	56000	46000	10000	1%
<b>Total</b>	<b>1116000</b>	<b>886000</b>	<b>230000</b>	<b>20%</b>

\*56000 options granted to Mr.John Dulip Kumar stands cancelled subsequent to his resignation in the financial year 2011-12.

\*197500 options granted to Mr. S.Surya Narayanan stands cancelled subsequent to his resignation in the financial year 2012-13.

\*156000 Growth options granted to Mr. Charath Narsimhan stands lapsed due to performance parameter.

\*112000 Growth options granted to Mr.Amitabh Suri stands lapsed due to performance parameter.

Employees receiving in excess of 5% under ESOP

Employee Name	Total Options	Growth Options	Thank you Options	% of Issued Capital
Charath Ram Narsimhan	500000	390000	110000	45%
Amitabh Suri	335000	280000	55000	30%
S.Surya Narayanan	225000	170000	55000	20%
John Dulip kumar	56000	46000	10000	5%
<b>Total</b>	<b>1116000</b>	<b>886000</b>	<b>230000</b>	<b>20%</b>



**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March 2015 Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION DETAILS**

- i. CIN:-L18101TN2009PLC073017
- ii. Registration Date :29.09.2009
- iii. Name of the Company :INDIAN TERRAIN FASHIONS LIMITED
- iv. Category / Sub-Category of the Company :Company Limited by shares
- v. Address of the Registered office and contact details:  
208, Velachery Tambaram Road,Narayanapuram,Pallikaranai,Chennai-100  
Ph No.044-4227 9100 ; email id : manikandan.j@indianterrain.com
- vi. Whether listed company : Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any  
Link Intime India Pvt Ltd  
C-13, Pannalal Silk Mills Compound,L.B.S Marg,  
Bhandup(w), Mumbai-400 078  
Phone No.022-25963838: Fax No.022 25946969

**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:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/Service	% to total turnover of the Company
1	Apparels	141-Manufacturing of Wearing Apparels	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares Held	Applicable Section
1	N.A.	N.A.	N.A.	N.A.	N.A.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% 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) Individual/HUF	2217510	Nil	2217510	38.96	2217510	Nil	2217510	30.86	(8.1)
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt.s	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other ....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (A)(1)</b>	<b>2217510</b>	<b>Nil</b>	<b>2217510</b>	<b>38.96</b>	<b>2217510</b>	<b>Nil</b>	<b>2217510</b>	<b>30.86</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Bodies Corp...	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (A)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>2217510</b>	<b>Nil</b>	<b>2217510</b>	<b>38.96</b>	<b>2217510</b>	<b>Nil</b>	<b>2217510</b>	<b>30.86</b>	<b>Nil</b>
<b>B.Public Shareholding</b>									
<b>(1) Instiutions</b>									
a) Mutual Funds/ UTI	Nil	Nil	Nil	Nil	1507690	Nil	1507690	20.98	20.98
b) Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Foreign Institutional Investors	<b>420000</b>	<b>Nil</b>	<b>420000</b>	<b>7.39</b>	388062	Nil	388062	5.40	(1.99)
g) Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (B)(1)</b>	<b>420000</b>	<b>Nil</b>	<b>420000</b>	<b>7.39</b>	<b>1895752</b>	<b>Nil</b>	<b>1895752</b>	<b>26.38</b>	<b>18.99</b>
<b>(2) Non-institutions</b>									
a) Bodies Corporate	925604	Nil	925604	16.26	743933	Nil	743933	10.35	(5.91)
b) Individuals									
Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	671547	239	671786	11.80	955355	239	955594	13.30	1.50
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	469648	Nil	469648	8.25	672974	Nil	672974	9.36	1.11
c) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Any Other (specify) Clearing Members	9234	Nil	9234	0.16	40721	Nil	40721	0.57	0.41
e) Foreign Portfolio Investor (Corporate)	Nil	Nil	Nil	Nil	207935	Nil	207935	2.89	2.89
f) Non Resident Indians	6121	Nil	6121	0.11	82813	Nil	82813	1.15	1.04
g) Foreign Companies	971428	Nil	971428	17.07	369028	Nil	369028	5.14	(11.93)
h) Any others Specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>Sub-Total (B)(2)</b>	<b>3053582</b>	<b>239</b>	<b>3053821</b>	<b>53.65</b>	<b>3072759</b>	<b>239</b>	<b>3072998</b>	<b>42.76</b>	<b>(10.89)</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>3473582</b>	<b>239</b>	<b>3473821</b>	<b>61.04</b>	<b>4968511</b>	<b>239</b>	<b>4968750</b>	<b>69.14</b>	<b>8.10</b>
C.Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>5691092</b>	<b>239</b>	<b>5691331</b>	<b>100</b>	<b>7186021</b>	<b>239</b>	<b>7186260</b>	<b>100</b>	<b>Nil</b>



**(ii) Shareholding of Promoters**

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Shares of % 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 share	
1	Venkatesh Rajagopal	949423	16.68	13.44	949423	13.21	10.64	Nil
2	Rama Rajagopal	1240586	21.80	13.44	1240586	17.26	10.64	Nil
3	Vidyuth Rajagopal	26999	0.47	0.00	26999	0.38	0.00	Nil
4	Suresh Rajagopalan	290	0.01	0.00	290	0.01	0.00	Nil
5	Rajagopalan.K.A	184	0.00	0.00	184	0.00	0.00	Nil
6	Anjali Rajagopal	28	0.00	0.00	28	0.00	0.00	Nil
	<b>Total</b>	<b>2217510</b>	<b>38.96</b>	<b>26.87</b>	<b>2217510</b>	<b>30.86</b>	<b>21.28</b>	

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

SI.No.		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
	At the beginning of the year	No Changes in Promoters Shareholding during the year			
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	No Changes in Promoters Shareholding during the year			
	At the end of the Year	No Changes in Promoters Shareholding during the year			

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

SI. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No.of Shares	% of total Shares of the Company	No.of Shares	% of total Shares of the Company
1	New Vernon Private Equity Limited	971428	17.07	369028	5.14
2	Eos Multi Strategy Fund Ltd	420000	7.38	152889	2.13
3	Bennett Coleman and Company limited	376233	6.61	263364	3.66
4	Reliance Capital Limited	330962	5.82	-	-
5	Sharmin Nasser	110000	1.93	30000	0.42
6	Sharekhan Limited	76674	1.35	11418	0.16
7	Param Capital Research Private Limited	75083	1.32	100000	1.39
8	Zaki Abbas Nasser	59000	1.04	60000	0.83
9	Charath Ram Narsimhan	58569	1.03	109000	1.52
10	Imran S Contractor	45461	0.80	31461	0.44
11	SBI SMALL AND MIDCAP FUND	-	-	676494	9.41
12	DSP BLACKROCK SMALL AND MIDCAP FUND	-	-	572595	7.97
13	HSBC INDIA OPPORTUNITIES FUND	-	-	238601	3.32
14	MALABAR INDIA FUND LIMITED	-	-	207935	2.89
15	AMUNDI FUNDS A/C AMUNDI FUNDS EQUITY INDIA SELECT	-	-	158200	2.20



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		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; Managing Director</b>	949423	16.68	949423	13.21
	At the beginning of the year				
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	949423	16.68	949423	13.21
2	<b>Rama Rajagopal-Whole Time Director</b>				
	At the beginning of the year	1240586	21.80	1240586	17.26
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	1240586	21.80	1240586	17.26
3	<b>M.Thiagarajan-Chief Financial Officer</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	-	-	-	-
4	<b>J.Manikandan-Company Secretary</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g.allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the Year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i.Principal amount	5646.19	0.00	0.00	5646.19
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>5646.19</b>	<b>0.00</b>	<b>0.00</b>	<b>5646.19</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0.00	0.00	0.00	0.00
Reduction	1718.65	0.00	0.00	1718.65
<b>Net Change</b>	<b>1718.65</b>	<b>0.00</b>	<b>0.00</b>	<b>1718.65</b>
<b>Indebtedness at the end of the financial year</b>				
i.Principal amount	3927.54	0.00	0.00	3927.54
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>3927.54</b>	<b>0.00</b>	<b>0.00</b>	<b>3927.54</b>



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Lakhs)**

S.No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Venkatesh Rajagopal-Chairman & Managing Director	Rama Rajagopal-Whole Time Director	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42.00	42.00	84.00
	(b) Value of Perquisites u/s 17(2) Income –tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	-as % of profit -others,Specify	Nil	Nil	Nil
5	Others,please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>42.00</b>	<b>42.00</b>	<b>84.00</b>

**B. Remuneration to other directors: (Amount in Lakhs)**

S.No.	Particulars of Remuneration	Name of Directors				Total Amount
		N.K.Ranganath	P.S.Raman	Harsh Bahadur	Manoj Mohanka	
1	Independent Directors Fee for attending Board/Committee Meetings	1.67	0.50	0.83	1.43	4.43
	Commission	-	-	-	-	-
	Others,Please specify	-	-	-	-	-
	<b>Total(1)</b>	<b>1.67</b>	<b>0.50</b>	<b>0.83</b>	<b>1.42</b>	<b>4.43</b>
2	Other Non-Executive Directors Fee for attending Board/Committee Meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others,Please specify	-	-	-	-	-
	<b>Total(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>1.67</b>	<b>0.50</b>	<b>0.83</b>	<b>1.42</b>	<b>4.43</b>
	<b>Total Managerial Remuneration</b>	<b>1.67</b>	<b>0.50</b>	<b>0.83</b>	<b>1.42</b>	<b>4.43</b>





**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

S.No	Particulars of Remuneration	In lakhs	In lakhs	In lakhs
		CFO	CS	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.47	12.50	26.97
	(b) Value of Perquisites u/s 17(2) Income –tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission -as % of profit -others, Specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>14.47</b>	<b>12.50</b>	<b>26.97</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made, if any (give Details)
<b>A.COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B.DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C.OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil



**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

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

To,

The Members,  
INDIAN TERRAIN FASHIONS LIMITED,  
SDF - IV & C 2, THIRD MAIN ROAD,  
MEPZ - SEZ, TAMBARAM,  
CHENNAI - 600045

I, S.Bhaskar, Company Secretary in Practice, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by INDIAN TERRAIN FASHIONS LIMITED, (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided by me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the INDIAN TERRAIN FASHIONS LIMITED, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by INDIAN TERRAIN FASHIONS LIMITED, for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Registrars to an

Issue and Share Transfer Agents) Regulations, 1993.

- (vi) The payment of gratuity act 1972;
- (vii) The Payment of Bonus Act, 1965;
- (viii) Payment of Wages Act, 1936;
- (ix) The Employees Provident Funds and Miscellaneous Provisions Act, 1952;
- (x) The Employees' State Insurance Act, 1948;
- (xi) The Factories Act, 1948;
- (xii) The Water (Prevention & Control of Pollution) Act, 1974
- (xiii) The Air (Prevention & Control of Pollution) Act, 1981
- (xiv) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (xv) The Contract Labour (Regulation and Abolition) Act, 1970

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

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

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

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 (Buyback of Securities) Regulations, 1998

**I 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the



company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Date : 21st May 2015  
Place : Chennai

S.Bhaskar  
Practicing Company Secretary  
ACS No: 10798  
CP No: 8315

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Code of Corporate Governance

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

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

### BOARD OF DIRECTORS

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

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

### Composition of the Board

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

During the financial year 2014-15, the Board consists of six Directors. Mr.V.Rajagopal is the Chairman and Managing Director and Mrs. Rama Rajagopal, Executive Director & Woman Director and four non executive Independent Directors, Mr.P.S.Raman, Mr.N.K.Ranganath, Mr. Harsh Bahadur and Mr. Manoj Mohanka. The number of independent directors on the Board is more than half of its strength. Thus the Company meets the requirements of composition of the Board according to the Listing agreement.

All independent directors possess the requisite qualifications and are very experienced in their own fields. Directors except the Chairman and Managing Director and Independent Directors are liable to retire by rotation. None of the directors are members of more than ten committees or chairman of more than five committees in public limited

companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

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

During the financial year 2014-15, the Board met Seven (07) times on 20th May 2014, 11th August 2014, 29th October 2014, 13th November 2014, 18th December 2014, 14th February 2015 and 11th March 2015.

Details of attendance of each director at the Board Meetings and in the last Annual General Meeting and number of directorships / committee memberships held by them as on 31st March 2015 are as follows:

Name of the Director	Category	Attendance at the Board Meetings	Attendance at the Last AGM	Number of other Directorships held**	Other Committee Membership ***	
					Member	Chairman
Mr. V. Rajagopal Chairman and Managing Director	Executive / Promoter	7/7	Yes	2	2	-
Mrs.Rama Rajagopal Executive Director	Executive / Promoter & Woman	5/7	Yes	2	-	-
Mr.P.S.Raman Director	Independent Non Executive	1/7	No	2	3	-
Mr.N.K.Ranganath Director	Independent Non Executive	6/7	Yes	2	-	4
Mr. Harsh Bahadur Director	Independent Non Executive	2/7	No	1	1	-
Mr. Manoj Mohanka Director	Independent Non Executive	4/7	No	10	4	4

Notes:

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

\*\*\*Only membership of audit committee and Stakeholders Relationship committee has been taken into consideration.

### Access to information and updation to Directors

The required information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews significant strategic, financial, operational and compliance matters in the meeting. 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 in order to be effective had constituted an Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee and Corporate Social Responsibility Committee.

### AUDIT COMMITTEE

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 clause 49 of the listing agreement and section 177 of the Companies Act 2013, the Audit Committee reviews reports of the internal auditor, statutory auditors as when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company.



## Composition:

The Company consists of qualified and independent Audit Committee. The committee consists of four members Mr.N.K.Ranganath, Non-executive independent director as its Chairman, Mr.V.Rajagopal, Mr. Harsh Bahadur and Mr. Manoj Mohanka as its members. All the members of the Committee have excellent financial and accounting knowledge.

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

The Committee met 4 times on 20th May 2014, 11th August 2014, 13th November 2014 and 14th February 2015 during the financial year ended 31st March 2015, where in all the committee members were present except Mr. Harsh Bahadur was not present for the meeting dated 20th May 2014 and 13th November 2014.

## NOMINATION AND REMUNERATION COMMITTEE

In Compliance with section 178 of Companies Act 2013, the Board has renamed the existing "Compensation Committee" as the Nomination and Remuneration Committee".

The Board has set up Nomination and Remuneration Committee with a role to determine the remuneration payable to whole time directors and key managerial personnel of the Company, to recommend to the Board the appointment / reappointment of the Executive / Non-executive directors, to grant stock options and for framing of policies to attract, motivate and retain personnel. The Nomination and Remuneration Committee adheres to section 178 of Companies Act 2013 and Clause of 49 of Listing Agreement.

The Committee consists of four non-executive independent directors, Mr. N K Ranganath as its Chairman, Mr.P.S.Raman, Mr.Harsh Bahadur and Mr. Manoj Mohanka as its members.

During the year the Committee met 3 times on 20th May 2014, 11th August 2014 and 13th November 2014 where in all the committee members were present except Mr. Harsh Bahadur was not present for the meeting dated 20th May 2014 and 13th November 2014.

## Criteria for Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the evaluation is lead by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the board as a whole, committee of the board and reports the recommendations to the board. The evaluation process also considers the time spent by each of the board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

## Remuneration Policy

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

The Policy inter alia provides for the following:

- attract, recruit, and retain good and exceptional talent;
- list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;

- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

## Details of Remuneration to Directors

The Non executive directors do not draw any remuneration from the Company other than the sitting fees for attending each meeting of the Board and committees thereof. The Company pays sitting fees of Rs. 25,000/- to all the non-executive directors for attending each meeting of the Board and Rs.2,500/- for each meeting of its committee thereof which is within the limits prescribed under the Companies Act, 2013.

During the financial year 2014-15, the sitting fee paid to Non - Executive Directors were as under:

Name of the Director	Sitting Fees (includes the fees paid for Committee Meetings) Rs.
Mr. N.K .Ranganath	1,67,500
Mr. P.S.Raman	50,000
Mr. Harsh Bahadur	82,500
Mr. Manoj Mohanka	1,42,500

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

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

Name of the Director	Salary (Rs. in Lakhs)	Retirement Benefits	Total (Rs. in Lakhs)
Mr. V Rajagopal	42.00	Nil	42.00
Mrs.Rama Rajagopal	42.00	Nil	42.00

In addition to the above, the whole time directors shall be entitled to suitable mediclaim policy for hospitalization and reimbursement of all actual medical expenses for themselves and their family to the extent not reimbursed under Mediclaim policy. They shall be entitled to telephone, fax and other communication facilities at their residence at company's cost. They are entitled to a fully maintained company car for company's business and the company shall pay the cost of vehicle, inclusive of driver. They shall also be entitled to reimbursement of all actual expenses or charges, including travel, entertainment and other out of pocket expenses incurred by them for and on behalf of the Company, in furtherance of its business and objects.

## ESOP

During the year under review, Mr. Charath Ram Narsimhan, CEO had exercised 55,000 stock options out of 55,000 Thank You stock options outstanding at the end of March 2015. And, Mr. Amitabh Suri, Chief Operating Officer had exercised 27,500 stock options out of 27,500 Thank You stock options outstanding at the end of March 2015. On 11th August 2014, the Company had allotted the aforesaid 82,500 shares at an exercise price of Rs.10 per share.



## Stakeholders Relationship Committee

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

The Committee consists of three members and Mr.N.K.Ranganath, Non executive independent director as its Chairman and Mr. P.S.Raman, Mr.V.Rajagopal its members.

During the year ended 31st March 2015, one complaint received and same has been resolved immediately, and as on 31st March, 2015 no complaints pending to be resolved and there was no meeting held by the committee during the financial year.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr.J.Manikandan, company secretary is the compliance officer of the company. For any clarification / complaint the shareholders may contact Mr.J.Manikandan, company secretary at the registered office of the company.

## Risk Management Committee

Business Risk Evaluation and Management (BRM) is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. The Committee consists of Mr.V.Rajagopal as its Chairman and Mrs.Rama Rajagopal as Member.

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.

## Corporate Social Responsibility Committee

As required under section 135 of the Companies Act 2013, the company has formed CSR committee consisting of Mr.N.K.Ranganath-Chairman, Mr.V.Rajagopal-Member and Mrs.Rama Rajagopal-Member.

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

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time".

During the year ended 31st March 2015, the CSR Committee met once on 11th March 2015.

## Meeting Of Independent Directors

During the year under review, the Independent Directors met on 14th February 2015, 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.

All the Independent Directors were present at the Meeting.

## Subsidiary Companies

The Company has no subsidiary Companies.

## General Body Meetings

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

Financial year	Day and Date	Time	Venue
2013-14	Monday, 29th September, 2014	11.00 A.M	Corporate Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2012-13	Monday, 23rd September, 2013	11.00 A.M	Corporate Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2011-12	Monday, 17th September 2012	10.30.A.M	Corporate Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.

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

### AGM held on 29.09.2014

1. Revision in terms of Remuneration to Mr. V.Rajagopal, Chairman & Managing Director
2. Revision in terms of Remuneration to Mrs. Rama Rajagopal
3. Borrowing powers of the Company

### AGM held on 23.09.2013

1. Revision in terms of Remuneration to Mr. V.Rajagopal, Chairman & Managing Director
2. Revision in terms of Remuneration to Mrs. Rama Rajagopal
3. Re-appointment of Mrs. Rama Rajagopal as Executive Director of the Company

### AGM held on 17.09.2012

No Special Resolution Passed

### EGM / Postal Ballot /E-voting during 2014-15

EGM held on 12.01.2015 - Approval for fund raising through issue of shares to Qualified Institutional Buyers through Qualified Institutional Placement.

No special resolutions were passed by the shareholders of the company through postal ballot during the year 2014-15.



## 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.indianterrain.com](http://www.indianterrain.com). All the members of the Board and senior management have confirmed compliance with the Code for the year ended, 31st March 2015. The annual report contains a declaration to this effect signed by the Chairman and Managing Director.

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

## CEO/ CFO CERTIFICATION

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

## DISCLOSURES

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant related party transactions that may have potential conflict with the interest of company at large. The details of the related party transactions are disclosed under the notes on accounts, as required under the Accounting standard 18 issued by the Institute of Chartered Accountants of India.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website ([www.indianterrain.com](http://www.indianterrain.com))

The Board of Directors has entered into material transactions with Celebrity Fashions Limited, related party which would exceed the stipulated threshold of 10% the annual turnover of the company as per the last audited financial statements of the company. So the Board has decided to sought approval from the Shareholders through Special Resolution by way of postal ballot for the material transactions and dispatched Postal notice on 19th March 2015. The results of the Postal Ballot were declared on 21st April 2015 and the Special resolution for entering into material transaction with Celebrity Fashions limited was approved by Shareholders with requisite majority.

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

The company has complied with all the mandatory requirements of the code of corporate governance prescribed by the stock exchanges.

## Whistle Blower Policy/Vigil Mechanism

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 and submit it to the Audit Committee for further action.

## Means of Communication

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the Listing Agreement with the Stock Exchanges. The aforesaid financial results are sent to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to various news agencies/analysts and are published within forty-eight hours in leading English and Tamil daily newspapers. The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: [www.indianterrain.com](http://www.indianterrain.com) and can be downloaded.

## GENERAL SHAREHOLDERS INFORMATION

### Financial Year

1st April to 31st March

### Annual General Meeting and Date of Book Closure

This Corporate Governance Report was taken on record by the Board in their meeting held on 21st May 2015. The date and venue of the Annual General Meeting was not finalized in the Board Meeting. Hence the details as to the Schedule of Annual General Meeting and the dates of Book Closure have not been provided.

### Listing on Stock Exchanges

Bombay Stock Exchange Limited Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai 400 001 Stock Code: "533329"	National Stock Exchange of India Limited Exchange Plaza, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Stock Code: "INDTERRAIN"
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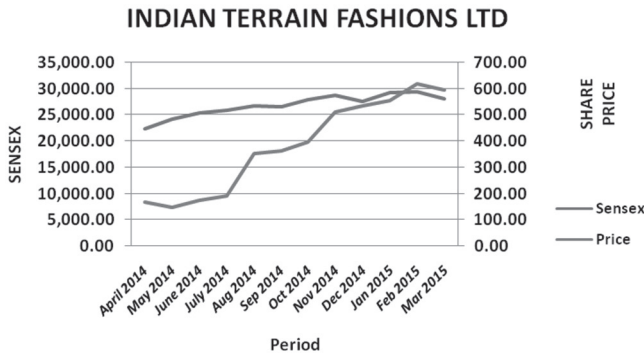
### Market Price data

(Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-14	179.7	147	19,753	181.9	143	13,777
May-14	171	140.1	55,036	175	138.7	16,358
Jun-14	173.25	140	65,266	177.95	140.1	65,676
Jul-14	214	162.5	41,096	214	163	46,458
Aug-14	397.1	189	231,030	394.05	180	2,21,321
Sep-14	414.1	295.1	107,731	424.8	282.5	1,50,437
Oct-14	445	293	52,606	447	322	1,46,052
Nov-14	606.1	394.95	220,656	600	398	3,04,963
Dec-14	582.8	500	68,148	579	490	1,32,062
Jan-15	591	520	833,246	590.05	515.55	8,24,891
Feb-15	661	562	298,387	660.9	562.2	5,56,128
Mar-15	660	540	64,369	659	542.6	2,15,359



**Indian Terrain Fashions Limited Share Price Performance in comparison with BSE SENSEX**



**Registrar and Share Transfer Agents**

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

M/s. Link Intime India Private Limited  
 C - 13, Pannalal Silk Mills Compound,  
 L.B.S.Marg, Bhandup (W),  
 Mumbai 400 078  
 Tel: + 91 22 2596 3838  
 Fax : + 91 22 2596 2691  
 Website : www.linkintime.co.in

**Share Transfer System**

The Board has delegated the powers to approve share transfers, transmissions, rematerialisation by constituting a Shareholders/ Investors Grievance Committee. As 99.99% of the shares were held in dematerialized mode, the transfers of those shares were done through the depositories with no involvement of the company.

The physical share transfer, transmissions are processed based on number of requests received. The shares lodged for transfers are processed and registered as per the requirements of the listing agreement if the documents are complete in all respects.

**Distribution of Shareholding:**

Distribution of Shareholding as on 31st March 2015 is as under:

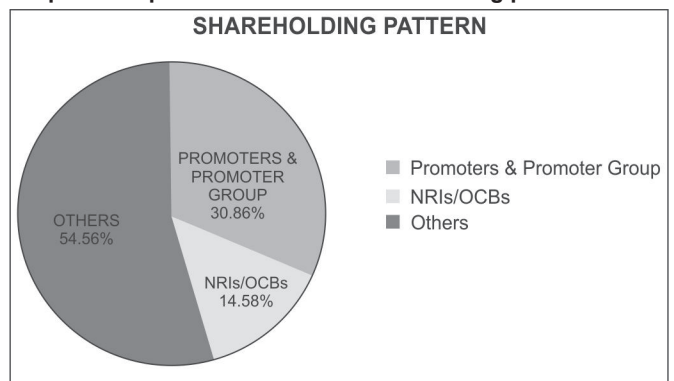
Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
1-500	455416	4554160	6.3	10005	95.60
501-1000	145528	1455280	2.0	198	1.89
1001-2000	162571	1625710	2.3	108	1.03
2001-3000	95770	957700	1.3	38	0.36
3001-4000	69454	694540	1.0	20	0.19
4001-5000	37933	379330	0.5	8	0.08

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
5001-10000	219344	2193440	3.1	28	0.27
Greater than 10000	6000244	60002440	83.5	61	0.58
<b>TOTAL</b>	<b>7186260</b>	<b>71862600</b>	<b>100.0</b>	<b>10466</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March 2015**

Category	No. of Shares	%
<b>Promoter and promoter group</b>		
Promoter and promoter group	2217510	30.86
<b>Sub Total</b>	<b>2217510</b>	<b>30.86</b>
<b>NRIs/OCBs</b>		
Foreign Company	369028	5.14
Foreign Nationals		
Non Resident Indians	82813	1.15
Foreign Institutional Investors	388062	5.40
Foreign Portfolio Investor	207935	2.89
<b>Sub Total</b>	<b>1047838</b>	<b>14.58</b>
<b>Others</b>		
Clearing Members	40721	0.57
Private Corporate Bodies	743933	10.35
Mutual Funds	1507690	20.98
Public	1628568	22.66
<b>Sub Total</b>	<b>3920912</b>	<b>54.56</b>
<b>Total</b>	<b>7186260</b>	<b>100.00</b>

**Graphical Representation of the Shareholding pattern**



**Dematerialisation of Shares and liquidity**

The Equity Shares of the company were admitted in the following depositories under International Securities Identification number (ISIN) No. INE611L01013 considering the benefits embedded in holding and trading of the securities in electronic form.



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

As at 31st March 2015, 7186021 Equity shares aggregating to 99.99% were held in dematerialized form.

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments up to the financial year 2014 - 15.

**Address for correspondence**

Indian Terrain Fashions Limited  
Registered Office  
No:208, Velachery, Tambaram Road,  
Narayanapuram, Pallikaranai,  
Chennai 600 100  
Tel: 91 44 4345 3000  
Fax:91 44 4345 3202

**Corporate Office**

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

**Declaration Regarding Compliance by Board Members and Senior Management Personal with the Code of Conduct**

This is to confirm that the Company has adopted the Code of Conduct for its employees including the Directors and Senior Management Personnel. The Code of Conduct is posted on the Company's website. I confirm that the Company has in respect of the financial year ended March 31, 2015, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, the Senior Management Team means Members of the Management one level below Executive Directors as on March 31,2015.

Date : May 21, 2015  
Place : Chennai

V Rajagopal  
Chairman & Managing Director

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members

**Indian Terrain Fashions Limited**

We have examined the Compliance of conditions of Corporate Governance by Indian Terrain Fashions Limited for the year ended on 31st March 2015, as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

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

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

Date : 21.05.2015  
Place : Chennai

For CNGSN & Associates LLP  
Chartered Accountants  
C.N. Gangadran  
Partner  
Membership No.11205  
F.R.No.004915S

**“GROUP COMING WITHIN THE DEFINITION OF GROUP**

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

The above disclosure has been made interalia for the purpose of Regulation of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations.

For Indian Terrain Fashions Limited  
V.Rajagopal  
Chairman & Managing Director





## MANAGEMENT DISCUSSION AND ANALYSIS – 31ST MARCH 2015

This Management Discussion and Analysis Report is prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities and Exchange Board of India and in compliance with the provisions of the Listing Agreement.

### Overview

The Indian retail industry has presently emerged as one of the most dynamic and fast paced industries as several players have started to enter the market. It accounts for over 10 per cent of the country's gross domestic product (GDP) and around eight per cent of the employment in India. The country is today the fifth largest global destination in the world for retail.

India's retail market is expected to double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015 driven by income growth, urbanization and attitudinal shifts. While the overall retail market will grow at 12 per cent per annum, modern trade is expected to grow twice as fast at 20 per cent per annum and traditional trade is estimated to grow at 10 per cent. Three prime factors which would drive this growth will be greater brand recognition, new entrants / market players and assurance of increasing ease of doing business in the country.

Added to the above the share of e-Commerce is also expected to grow steadily. The value propositions of assortment, discounts and convenience have attracted a larger customer base to this vertical. Besides strong logistics infrastructure and the payment modalities have also aided the growth in e-commerce. E-tailers are betting on more Indians switching to shopping online, with a projection of 200 million new consumers by 2017.

As the market grows wider and wider and as the industry evolves there comes the need of a basic transformation in the retailers' approach. In this rapidly changing retail environment, brick and mortar retailers will be competing with an increasingly wider set of peers for the same wallet. The retailers will now be forced to modify their offerings across the pathway.

The year 2014-15 was a remarkable one for the brand marking major milestones. In a highly competitive scenario, where new brands and offerings are entering the market almost every quarter, your Company delivered competitive growth, driven by innovation and sharper in-market execution. Our focused efforts as a Company on delivering contemporary and quality products, judicious pricing, waste minimization and cutting superfluous expenses without compromising on the competitiveness of brand investments bore the fruit. The business mantra for the year has been retail expansion and directing the energies in getting the right model, size and throughputs and thereby improving the economics.

Your Company built its dominance by opening 29 exclusive outlets during the year in select markets. While the supply side continues to pose challenges in terms of increase in real estate costs and high input costs to an extent, the brand has well conceived fact of addressing the throughput problems which will make the margins to follow the right path.

Further the raising of funds through QIP has well capitalized the Company to fuel its growth engines. The focus now lies on sharply identifying emerging opportunities across geographies and customer segments and allow for experimentation. Added to it, with e-commerce in India expected to quadruple in the next 5 years, the brand is also focusing on designing a seamless and connected customer journey for shoppers.

### Internal Control Systems and their Adequacy

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

### Risk Management

The Company is exposed to Interest Rate Risk. The Interest rates have softened during the course of the year and with the repayment of Term loans, the Company's debt is only confined to working capital facilities.

### Financial Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, and Generally Accepted Accounting Principles (GAAP) in India.

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

### Highlights

Rs. In Crores

	2014-2015	2013-2014
Income From operations	290.41	232.06
PBITD	34.30	24.46
Interest	8.63	9.50
PBDT	25.67	14.96
Depreciation	2.92	2.46
Profit/ (Loss) Before Tax	22.75	12.50
Provision for Taxation	4.77	2.62
Net Profit / (Loss) after Tax	17.98	9.88

### Human Resources

The top priorities of the Company include measures for employees' safety, their welfare and development. The Company had around 400 employees as on 31st March 2015. The Company is in the process of adopting a targeted approach to training, appraisal and retention of leaders and employees.

### Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could materially differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, global demand-supply conditions, changes in governmental regulations and tax structure, economic structure within India and the countries with which the Company has business contacts and other incidental factors.



## INDEPENDENT AUDITOR'S REPORT

To the Members of Indian Terrain Fashions Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Indian Terrain Fashions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, Statement of Profit and Loss, the Cash Flow Statement for the year the ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Companies Act, 2013 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of the written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act; and
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 27C to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There were no amounts requiring to be transferred to the Investor Education and Protection Fund by the Company.

Date : 21.05.2015  
Place : Chennai

For CNGSN & Associates LLP  
Chartered Accountants  
F.R.No.004915S  
C.N. Gangadaran  
Partner  
Membership No.11205



**ANNEXURE TO THE AUDITORS' REPORT**

The Annexure referred to in our Independent Auditor's Report to the members of **Indian Terrain Fashions Limited** ("the Company") on the financial statements for the year ended March 31, 2015, we report that:

**1. In respect of its Fixed Assets:**

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the fixed assets of the Company have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. In accordance with the phased programme of verification, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

**2. In respect of its inventories :**

- a. As explained to us the inventories of the Company, except in the case of stock of raw material of the value ₹ 2.98 crores lying in transit for which confirmation has been obtained, have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. According to the information and explanations given to us, the Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
- 3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Hence, the question of reporting whether the receipt of principal and interest are regular and whether reasonable steps for recovery of over dues of such loans taken do not arise.
- 4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets, inventory and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither observed nor have we been informed of any continuing failure to correct major weaknesses in the internal control system.
- 5. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore in our opinion the provisions of Clause (v) of paragraph 3 of the Order (as amended) are not applicable to the Company.
- 6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that *prima facie* the prescribed cost records have been maintained. However we are not required to and have not carried out any detailed examination of such accounts and records.

**7. In respect of statutory dues:**

- a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of

undisputed statutory dues including provident fund, income tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, the disputed statutory dues aggregating to ₹ 177.88 lakhs that has not been deposited on account of matters pending before the appropriate authorities are as under:-

Name of the Statute	Nature of Dues	Forum Where the dispute is pending	Period to which the amount relates	Amount (₹. in Lakhs)
Central Excise Act, 1944	CENVAT	Appellate Tribunal, Central Excise & Service Tax, Chennai	February 2012 to April 2012	47.43
Central Excise Act, 1944	CENVAT	Appellate Tribunal, Central Excise & Service Tax, Chennai	May 2012 to September 2012	32.18
Central Excise Act, 1944	CENVAT	Commissioner Appeals, Central Excise, Chennai	October 2012 to January 2013	46.45
Central Excise Act, 1944	CENVAT	Commissioner, Central Excise, Chennai	February 2013	51.82
<b>Total</b>				<b>177.88</b>

- c. According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules there under.
- 8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- 9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company did not have any Debentures outstanding during the year.
- 10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Hence in our opinion clause (x) of paragraph 3 of the Companies (Auditors Report) Order, 2015 is not applicable to the Company.
- 11. According to the information and explanations given to us, and based on the records and documents produced before us, in our opinion the term loans have been applied for the purposes for which they were obtained.
- 12. According to the information and explanations given to us no material fraud on or by the Company has been noticed or reported during the course of our audit.

Date : 21.05.2015  
Place : Chennai

For CNGSN & Associates LLP  
Chartered Accountants  
F.R.No.004915S  
C.N. Gangadaran  
Partner  
Membership No.11205



Balance Sheet as at 31st March 2015

₹. In Crores

Particulars	Note No.	As at 31-Mar-15	As at 31-Mar-14
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's Funds</b>			
(a) Share Capital	2	7.19	5.69
(b) Reserves and Surplus	3	119.21	30.49
		<b>126.40</b>	<b>36.18</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-term borrowings	4	-	16.28
(b) Deferred tax liabilities (Net)	5	-	-
(c) Other Long-term liabilities	6	7.89	5.06
		<b>7.89</b>	<b>21.34</b>
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	7	39.28	35.04
(b) Trade payables	8	14.83	16.28
(c) Other current liabilities	9	16.27	26.17
(d) Short-term provisions	10	10.75	5.71
		<b>81.13</b>	<b>83.20</b>
<b>Total</b>		<b>215.42</b>	<b>140.72</b>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		<b>6.74</b>	<b>7.78</b>
(ii) Intangible assets		-	<b>0.16</b>
		<b>6.74</b>	<b>7.94</b>
(b) Long-term loans and advances	12	13.41	8.53
(c) Other non-current assets	13	0.23	0.30
		<b>20.38</b>	<b>16.77</b>
<b>2 Current Assets</b>			
(a) Current Investments	14	59.07	-
(b) Inventories	15	35.87	43.08
(c) Trade receivables	16	95.62	77.11
(d) Cash and Bank Balances	17	2.43	2.71
(e) Short-term loans and advances	18	0.69	0.34
(f) Other current assets	19	1.36	0.71
		<b>195.04</b>	<b>123.95</b>
<b>Total</b>		<b>215.42</b>	<b>140.72</b>

See Accompanying Notes to Financial Statements  
To be read with our report of even date

1

For CNGSN & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 4915S

For and on Behalf of the Board  
V. Rajagopal  
Chairman & Managing Director

C.N.Gangadaran  
Partner  
Membership No. 11205

Rama Rajagopal  
Director

Chennai, 21 May, 2015

M. Thiyagarajan  
Chief Financial Officer

J. Manikandan  
Company Secretary



**Statement of Profit and Loss for the Year Ended 31st March 2015**

₹. In Crores (except per share data)

Particulars	Note No.	for the year ended 31-Mar-15	for the year ended 31-Mar-14
I Revenue from Operations (gross)	20	290.41	232.06
<b>Revenue from Operations (net)</b>		<b>290.41</b>	<b>232.06</b>
II <b>Other Income</b>	21	0.78	0.28
<b>Total Revenues</b>		<b>291.19</b>	<b>232.34</b>
III <b>Expenses</b>			
a Cost of Materials	22	59.08	73.59
b Purchases of Traded Goods		57.76	27.93
c Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec		4.46	(11.77)
d Employee Benefit Expenses	23	13.42	11.08
e Other Expenses	24	122.17	107.05
<b>Total</b>		<b>256.89</b>	<b>207.88</b>
IV <b>Earnings before Interest, Depreciation and Tax</b>		<b>34.30</b>	<b>24.46</b>
f Finance Costs	25	8.63	9.50
g Depreciation and Amortisation Expenses		2.92	2.46
<b>Total Expenses</b>		<b>11.55</b>	<b>11.96</b>
V <b>Profit before Tax</b>		<b>22.75</b>	<b>12.50</b>
VI <b>Tax Expenses</b>			
a Current Tax Expense		4.77	2.62
b Deferred Tax		-	-
		4.77	2.62
VII <b>Profit for the Period</b>		<b>17.98</b>	<b>9.88</b>
VIII <b>Earnings Per Share - In ₹.</b>			
-- Basic		<b>30.04</b>	<b>17.45</b>
-- Diluted		<b>30.04</b>	<b>17.22</b>

See Accompanying Notes to Financial Statements  
To be read with our report of even date

1

For CNGSN & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 4915S

C.N.Gangadaran  
Partner  
Membership No. 11205

Chennai, 21 May, 2015

For and on Behalf of the Board  
V. Rajagopal  
Chairman & Managing Director

Rama Rajagopal  
Director

M. Thiyagarajan  
Chief Financial Officer

J. Manikandan  
Company Secretary



## Notes to the Accounts as at 31st March 2015

### 1 Significant Accounting Policies

Sl. No.	Particulars
---------	-------------

#### 1.1 Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 1.2 Use of Estimates

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

#### 1.3 Revenue Recognition

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes Sales (net of trade discounts and rebates) which are recorded when the significant risks and rewards of ownership are transferred. Consignment Sales are accounted on the basis of Sales Memo received from Consignees. Export Sales are accounted on the basis of the dates of Bill of Lading and other delivery documents as per the contract. Domestic Sales excludes Sales Tax and Value Added Tax. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the Company's right to receive dividend is established.

#### 1.4 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where no reliable estimate can be made, a disclosure is made as a contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

#### 1.5 Fixed Assets

##### Tangible Assets

Tangible assets are stated at cost of acquisition, less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including taxes, duties, freight, and other incidental expenses related to acquisition. Any trade discounts and rebates are deducted in arriving at the purchase price. Direct costs are capitalized until such assets are ready for use.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

##### Intangible Assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization / 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.

#### 1.6 Depreciation and Amortization

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.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

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.



**Notes to the Accounts as at 31st March 2015**

**Sl. No. Particulars**

The Management estimates the useful lives for fixed assets (tangible and intangible) as follows:

Category of Assets	Useful life under Companies Act, 2013	Useful life estimated by the Management
Plant & Machinery	15	15
Electrical Installation	10	10
Office Equipments	5	5
Computers	3	3
Vehicles	8	8
Furniture & Fixtures	10	10
Computer Software (Intangible)	3	3

**1.7 Impairment**

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.

**1.8 Borrowing Costs**

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

**1.9 Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that which approximates the actual rate at the date of the transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent on the date of transaction. Monetary items denominated in foreign currencies at the year end are restated at year end rates. Any income or expense on account of exchange differences either on settlement or on translation is recognized in the Statement of Profit and Loss.

**1.10 Investments**

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or non-current (long term) based on Management's intention at the time of purchase. Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments.

Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value of each investment individually.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

**1.11 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.

**1.12 Employee Benefits**

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits in the nature of salary, wages, bonus, leave encashment and the expected cost of ex-gratia are recognized and accounted for on accrual basis in the period in which the employee renders the related service.

**A) Defined Contribution Plans**

Provident Fund and Employees State Insurance Scheme is a defined contribution plan, each eligible employee and the Company makes equal contributions at a percentage on the basic salary specified under the Employees' Provident Funds and Miscellaneous Provision Act, 1952 and Employees State Insurance Act, 1948 respectively. The Company's contributions are charged to the statement of profit and loss in the year when the contributions to the respective funds are due. The Company has no further obligations under the plan beyond its periodic contributions.



## Notes to the Accounts as at 31st March 2015

Sl. No.	Particulars
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### B) Defined Benefit Plan

The Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of the employee's employment with the Company.

The Employees Gratuity Scheme which is a defined benefit plan, is managed by trust maintained with SBI General Insurance Company Ltd. The liability with respect to gratuity plan is determined by an independent actuarial valuation on projected unit credit method on the balance sheet date, base upon which the Company contributes to the Group Gratuity Scheme. Obligation is measured at the present value of the estimated future cash flows using a discount rate that is determined with reference to market yields at the Balance Sheet date on Government Bonds, where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

### 1.13 Taxation

Tax expense comprises of current and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961. Consequent to Demerger, with effect from August 16, 2010 the Company has a portion of accumulated losses and unabsorbed depreciation transferred from Celebrity Fashions Limited and hence the Company does not have any income liable to be taxed under the normal provisions of the Income Tax Act. However the Company is subject to Minimum Alternate Tax (MAT). Minimum Alternate Tax gives rise to future economic benefits in the form of tax credit against future income tax liability. MAT credit is recognised as an asset if there is convincing evidence that the Company will pay normal tax after setting off the carried forward losses and the resultant asset can be measured reliably. During the year the Company has not recognised the eligible MAT credit as an asset, as a matter of prudence. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax assets and liabilities are measured, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date. 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, 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.

### 1.14 Accounting of Government Grants:

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is netted off with the relevant expense. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

### 1.15 Segment reporting:

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

### 1.16 Earnings per Share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including changes effected prior to the approval of the financial statements by the Board of Directors.

### 1.17 Cash Flow Statement

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

### 1.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on deposit with Banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

### 1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the maximum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term.





Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>2 SHARE CAPITAL</b>		
<b>a Authorised, Issued, Subscribed and Paid-Up Share Capital</b>		
Authorized Share Capital: 1,20,00,000 (Previous Year 1,20,00,000) Equity Shares of ₹.10/- each	12.00	12.00
Issued, Subscribed and Paid up Capital : 71,86,260 (Previous Year 56,91,331) Equity Shares of ₹.10/- each	7.19	5.69
<b>Total</b>	<b>7.19</b>	<b>5.69</b>

**b Reconciliation of the number of shares**

Number of Equity Shares outstanding at the beginning of the year	5,691,331	5,608,831
Add: Number of Shares issued during the year	1,494,929	82,500
Number of Equity Shares outstanding at the end of the year	7,186,260	5,691,331

**c Rights, Preferences and Restrictions attached to Equity Shares**

The Company has only one class of shares referred to as Equity Shares having a par value of ₹.10/-

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.

**d Shares held by Holding Company, Ultimate Holding Company,**

Subsidiaries, Associates

NIL

NIL

**e Details of Shares held by each Shareholder holding more than 5%**

Name of the Shareholder	As at 31st March 2015		As at 31st March 2014	
	No. of Shares	% held	No. of Shares	% held
Mr. V. Rajagopal	9,49,423	13.2%	9,49,423	16.7%
Mrs. Rama Rajagopal	12,40,586	17.3%	12,40,586	21.3%
M/s New Vernon Private Equity Limited	3,69,028	5.1%	9,71,428	17.1%
M/s EOS Multi Strategy Fund Limited	1,52,889	2.1%	4,20,000	7.4%
M/s Bennett, Coleman and Company Limited	2,63,364	3.7%	3,76,233	6.6%
M/s Reliance Capital Limited	-	-	3,30,962	5.8%
M/s.SBI SMALL AND MIDCAP FUND	6,76,494	9.4%	-	-
M/s.DSP BLACKROCK SMALL AND MIDCAP FUND	5,72,595	8.0%	-	-

**f Shares reserved for issuance**

Employee Stock Options granted (Refer Note 31)

402,000

484,500

**g Shares allotted for consideration other than cash**

-

-

- 1) The Company was incorporated on 29th September 2009 with an Authorised Share Capital of Rs.50 lakhs (5,00,000 Shares of Rs.10 each)
- 2) In terms of the Scheme of Arrangement between Celebrity Fashions Limited, Indian Terrain Fashions Limited and its respective Shareholders and Creditors sanctioned by the Honorable High Court of Madras, which became effective on 3rd September 2010 with retrospective effect from 1st April 2010, the following effects were given:
  - a) Authorised Shared Capital increased to Rs.12,00,00,000 (1,20,00,000 shares of Rs.10 each)
  - b) The Pre-demerger paid up share capital of Rs.5,00,000 stands cancelled
  - c) 55,81,331 shares of the Company were issued to the Share holders of Celebrity Fashions Limited pursuant to demerger in the ratio of 2:7 (Two Shares for every Seven shares held in Celebrity Fashions Limited)



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>RESERVES AND SURPLUS</b>		
<b>a Capital Reserve</b>		
Opening Balance	8.01	8.01
Closing Balance	<b>8.01</b>	<b>8.01</b>
<b>b Securities Premium Reserve</b>		
Opening Balance	0.98	0.24
Add: Additions during the Year	74.32	0.73
Less : Issue expenses written off	2.17	-
Closing Balance	<b>73.13</b>	<b>0.97</b>
<b>c Share Options Outstanding Account</b>		
Opening Balance	0.73	1.47
Less: Transferred to Securities Premium Reserve	0.73	0.73
Closing Balance	-	<b>0.73</b>
<b>d Surplus in Statement of Profit and Loss</b>		
Opening Balance	20.77	10.89
Less: Value of Assets whose useful life has expired (Refer Note 11)	0.67	-
Add: Profit for the Year	17.97	9.88
Closing Balance	<b>38.07</b>	<b>20.77</b>
<b>Total</b>	<b>119.21</b>	<b>30.49</b>
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<b>(i) Term loans from Banks (note (a))</b>		
Clean Term loans	-	15.84
<b>Total</b>	-	<b>15.84</b>
(ii) Obligation under Hire-Purchase Agreements (note (b))	-	0.44
<b>Total</b>	-	<b>16.28</b>
Details of Term loans - Bank wise, Repayments and Security		
Term loans from State Bank of India	-	17.82
Term loans from HDFC Bank Limited	-	2.98
<b>Total Term loans</b>	-	<b>20.80</b>
Less: Classified under Other Current Liabilities - being current maturities of long term borrowings	-	4.96
<b>Long Term Borrowings</b>	-	<b>15.84</b>

The loans have been secured as under:

First Charge on paripassu basis by way of hypothecation of Company's current assets including stock and book debts against the Term loans extended by State Bank of India and HDFC Bank Ltd both present and future.



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
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**Collateral Securities:**

First Charge in favour of State Bank of India and second charge in favour of HDFC Bank Ltd for term loans on the hypothecation of the entire plant & machinery of Indian Terrain Fashions Limited both present and future.

Loans from State Bank of India is further secured by pledge of promoters shares in the Company to an extent of 15,29,290 Equity Shares, personal guarantee by Promoters and assignment of Indian Terrain Brand.

The Term loans were transferred to the Company as part of the Scheme of Arrangement of Demerger Clean term loans are repayable in monthly instalments as fixed by the Bankers upto September 2018 Funded interest term loans are repayable in monthly instalments as fixed by the Bankers upto September 2014

Repayment Schedule ₹. In Crs	Clean Termloan
FY 2015-16	4.02
FY 2016-17	4.02
FY 2017-18	4.02
FY 2018-19	1.58
	13.64

Rate of Interest

Clean Term Loan - Base Rate + 4.65%

Funded Interest Term Loan - Base Rate + 4.65%

- a. During the year, the Company has prepaid in full the term loans availed from State Bank of India and HDFC Bank Ltd respectively.
- b. The Company has also during the year prepaid in full the Hire Purchase obligation.

**5 DEFERRED TAX LIABILITY**

Deferred Tax Liability	-	-
Deferred Tax Asset on Unabsorbed Depreciation & Business Loss	-	-

In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', 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>
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**6 OTHER LONG-TERM LIABILITIES**

a Trade Payables	0.21	-
b Others:		
Trade / Security Deposits Received	7.68	5.06
<b>Total</b>	<b>7.89</b>	<b>5.06</b>

**7 SHORT-TERM BORROWINGS**

**a Loans Repayable on Demand from Banks**

Secured:

Working Capital Facilities from State Bank of India	39.28	35.04
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<b>Total</b>	<b>39.28</b>	<b>35.04</b>
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The above loans 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 both present and future.

The said loans from State Bank of India are further secured by way of pledge of promoters Shares in the Company to an extent of 15,29,290 Equity Shares and the personal guarantee by the promoters and assignment of "Indian Terrain" brand.



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>8 TRADE PAYABLES</b>		
a. Micro, Small and Medium Enterprises	-	-
b. Others	14.83	16.28
<b>Total</b>	<b>14.83</b>	<b>16.28</b>
<p>The Company has not received any Memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2015 as Micro, Consequently the amount payable to these enterprises during the year is ₹. NIL.</p> <p>Others include Bills Acceptances of ₹. 4.64 crs (Previous Year ₹. 4.42 crs)</p> <p>Trade Payables include ₹.4.03 crs payable (Previous Year ₹.9.20 crores) to Company Managerial Personnel as specified in (Refer Note 28 (e)(iv))</p>		
<b>9 OTHER CURRENT LIABILITIES</b>		
<b>a Current Maturities of Long-Term Borrowings</b>		
Secured		
(i) Term loans from Banks		
Clean Term Loan	-	3.47
Funded Interest Term Loan	-	1.49
	-	4.96
(ii) Obligations under Hire Purchase	-	0.18
	-	<b>5.14</b>
<b>b Accrued Salaries and Benefits</b>		
Salaries and Wages Payable	0.72	0.70
Bonus Payable	0.44	0.40
	<b>1.16</b>	<b>1.10</b>
<b>c Other Liabilities</b>		
Withholding and Other Taxes Payable	1.01	1.02
Accrued Expenses	14.10	18.91
	<b>15.11</b>	<b>19.93</b>
<b>Total</b>	<b>16.27</b>	<b>26.17</b>
<b>10 SHORT-TERM PROVISIONS</b>		
<b>a Provision for Employee Benefits</b>		
Provision for Unavailed leave	0.42	0.33
Provision for Gratuity (Refer Note 30)	0.23	0.04
	<b>0.65</b>	<b>0.37</b>
<b>b Other Provisions</b>		
Provision for Tax	10.10	5.34
	<b>10.10</b>	<b>5.34</b>
<b>Total</b>	<b>10.75</b>	<b>5.71</b>



Notes to the Accounts as at 31st March 2015

₹. In Crores

Note 11 - Fixed Assets

TANGIBLE ASSETS

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/14	Additions	Deductions / Adjustments	As on 31/03/15	As on 01/04/14	For the year	Deductions / Adjustments	As on 31/03/15	As on 31/03/15	As on 31/03/14
1	Plant & Machinery	0.53	0.03	0.19	0.37	0.08	0.18	0.20	0.06	0.31	0.45
2	Electrical Installation	0.17	-	-	0.17	0.03	0.02	-	0.06	0.12	0.14
3	Office Equipments	0.20	-	0.09	0.10	0.03	0.05	0.02	0.06	0.05	0.17
4	Computers	0.32	0.04	0.02	0.34	0.07	0.14	0.01	0.20	0.14	0.25
5	Vehicles	1.45	0.19	-	1.63	0.13	0.19	-	0.32	1.31	1.32
6	Furniture & Fixtures	6.84	2.27	3.16	5.95	1.39	2.18	2.43	1.13	4.82	5.45
	<b>Total</b>	<b>9.50</b>	<b>2.53</b>	<b>3.46</b>	<b>8.57</b>	<b>1.72</b>	<b>2.77</b>	<b>2.66</b>	<b>1.83</b>	<b>6.74</b>	<b>7.78</b>
	<b>Previous Year</b>	<b>9.86</b>	<b>2.14</b>	<b>2.49</b>	<b>9.50</b>	<b>1.74</b>	<b>2.34</b>	<b>2.36</b>	<b>1.72</b>	<b>7.78</b>	<b>8.12</b>

INTANGIBLE ASSETS

Sl. No.	Particulars	Gross Block				Amortisation				Net Block	
		As on 01/04/14	Additions	Deductions / Adjustments	As on 31/03/15	As on 01/04/14	For the year	Deductions / Adjustments	As on 31/03/15	As on 31/03/15	As on 31/03/14
1	Computer Software	0.24	-	-	0.24	0.08	0.16	-	0.24	0.00	0.16
		<b>0.24</b>	<b>-</b>	<b>-</b>	<b>0.24</b>	<b>0.08</b>	<b>0.16</b>	<b>-</b>	<b>0.24</b>	<b>0.00</b>	<b>0.16</b>
	<b>Previous Year</b>	<b>0.40</b>	<b>-</b>	<b>0.16</b>	<b>0.24</b>	<b>0.12</b>	<b>0.12</b>	<b>0.16</b>	<b>0.08</b>	<b>0.16</b>	<b>0.28</b>

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II, the written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted in the opening balance of Reserves and Surplus amounting to ₹0.67 crores (Refer Note 3)

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>12 LONG-TERM LOANS AND ADVANCES</b>		
Unsecured and considered good		
a Deposits		
Security Deposits	7.03	5.82
b Advance Income Tax	6.38	2.71
<b>Total</b>	<b>13.41</b>	<b>8.53</b>

Security deposits includes ₹. 0.82 crs (Previous Year ₹. 0.82 crs) paid to Company under Significant Influence or Control of Key Managerial Personnel (Refer Note 28(e)(v))

13 OTHER NON-CURRENT ASSETS

Particulars	As at 31-Mar-15	As at 31-Mar-14
Unsecured and considered good		
Others		
a Interest accrued on Fixed Deposits	0.06	0.14
b Withholding Taxes Receivable	0.08	0.07
c Receivable from Government Authorities		
Sales Tax Receivable	0.09	0.09
<b>Total</b>	<b>0.23</b>	<b>0.30</b>



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>14 Current Investments</b>		
Carried at lower of cost and quoted / fair value		
Other Current Investments		
Investments in Mutual Funds		
Birla Sun Life Savings Fund - Growth - Direct Plan (Current Year - Unit 3,00,929.156 Previous Year - NIL)	8.00	-
Birla Sun Life Cash Manager - Growth - Direct Plan (Current Year - Unit 5,00,865.178 Previous Year - NIL)	17.00	-
UTI-Treasury Advantage Fund-Institutional Paln-Direct Plan-Growth (Current Year - Unit 26,628.311 Previous Year - NIL)	5.00	-
UTI-Money Market Fund - Institutional Plan - Direct Plan - growth (Current Year - Unit 19,385.855 Previous Year - NIL)	3.00	-
SBI Magnum Insta Cash Fund-Direct Plan - Growth (Current Year - Unit 16,186.515 Previous Year - NIL)	5.00	-
SBI Premier Liquid Fund - Regular Plan - Growth (Current Year - Unit 96,684.121 Previous Year - NIL)	21.07	-
<b>Total</b>	<b>59.07</b>	<b>-</b>
Aggregate value of current investments	59.07	-
Aggregate market value of current Investments	59.59	-
<b>15 INVENTORIES</b>		
a Raw Materials	2.20	4.95
b Work-in-Progress	2.12	8.35
c Finished Goods - Manufactured / Bought-Out	31.55	29.78
<b>Total</b>	<b>35.87</b>	<b>43.08</b>
Raw Materials and Finished Goods include Goods in Transit of ₹.2.98 cr (Previous Year ₹ NIL)		
<b>16 TRADE RECEIVABLES</b>		
Unsecured and considered good		
a Trade receivables outstanding for a period exceeding six months	4.58	5.88
b Others	91.04	71.23
<b>Total</b>	<b>95.62</b>	<b>77.11</b>
<b>17 CASH AND BANK BALANCES</b>		
a Cash and cash equivalents		
Balances with Bank		
in Current Account	1.29	0.75
Cash on hand	0.03	0.02
b Other Bank Balances		
Fixed Deposit with Banks	1.11	1.94
<b>Total</b>	<b>2.43</b>	<b>2.71</b>

Fixed deposits with banks include deposits of ₹. 1.11 crs with a maturity of more than 3 months, but less than 12 months (Previous Year ₹. 1.94 crs with a maturity of more than 3 months, but less than 12 months)

Fixed deposits with banks comprises of restricted bank balances of ₹.1.09 crores (Previous Year ₹.1.94 crs).

The restrictions are primarily on account of fixed deposits held as margin money against Borrowings / Bank Guarantees.



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>18 SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured and considered good		
Others		
Advances		
Prepaid Expenses	0.26	0.10
Loans and advances to Employees	0.43	0.24
<b>Total</b>	<b>0.69</b>	<b>0.34</b>
<b>19 OTHER CURRENT ASSETS</b>		
Unsecured and considered good		
a Accrued income on Investments	0.52	-
b Advances to Suppliers of Goods and Services	0.84	0.71
<b>Total</b>	<b>1.36</b>	<b>0.71</b>
<b>20 REVENUE FROM OPERATIONS (GROSS)</b>		
a Sale of Products **		
-- Domestic	289.69	231.77
-- Exports	0.69	0.28
b Other Operating Revenues		
-- Duty Drawback	-	-
-- Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)	0.03	0.01
<b>Total</b>	<b>290.41</b>	<b>232.06</b>
** Sale of Bought-out Goods included above	114.22	45.30
<b>21 OTHER INCOME</b>		
a Interest Accrued / Received on Fixed Deposits	0.13	0.17
b Income from Investment in Mutual Funds	0.65	0.11
<b>Total</b>	<b>0.78</b>	<b>0.28</b>
<b>22 COST OF MATERIALS</b>		
Opening Stock of Materials	4.95	6.00
Add: Purchases of Materials	56.17	72.54
Less: Closing Stock of Materials	2.04	4.95
<b>Total</b>	<b>59.08</b>	<b>73.59</b>
<b>PURCHASES OF FINISHED GOODS</b>		
Knitwear	22.61	17.81
Jackets	5.84	6.17
Trouser / Denims	7.57	1.12
Shirt	21.65	2.72
Others - Accessories	0.09	0.11
<b>Total</b>	<b>57.76</b>	<b>27.93</b>



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INCREASE) / DECREASE</b>		
Closing Stock		
Finished Goods - Manufactured / Bought-Out	31.55	29.78
Work-in-Progress	2.12	8.35
Opening Stock		
Finished Goods - Manufactured / Bought-Out	29.78	17.68
Work-in-Progress	8.35	8.68
<b>Total</b>	<b>4.46</b>	<b>(11.77)</b>
<b>23 EMPLOYEE COSTS</b>		
Salaries and Wages	12.26	9.68
Contribution to Provident and Other Funds	0.80	0.64
Staff Welfare Expenses	0.36	0.33
Expense on Employee Stock Option Scheme (Refer Note 32)	-	0.43
<b>Total</b>	<b>13.42</b>	<b>11.08</b>
<b>24 OTHER EXPENSES</b>		
Subcontracting and Garment Processing Costs	27.32	28.66
Power & Fuel	0.11	0.11
Rent	8.67	9.46
Insurance	0.32	0.13
Rates and Taxes	0.50	0.28
Traveling & Conveyance	2.99	2.13
Consultancy Charges	0.92	0.72
Communication Expenses	0.47	0.56
Selling Commission & Discounts	50.39	35.67
Selling Expenditure Reimbursement	5.30	6.19
Distribution Costs	4.37	5.35
Entertainment & Sales Promotion Expenses	4.91	4.27
Advertisement	12.07	10.20
Bad Debts written off	0.17	-
Printing & Stationery	0.25	0.21
Showroom Maintenance	0.91	1.06
Books, Periodicals & Subscriptions	0.25	0.15
Directors Sitting Fee	0.04	0.01
Remuneration to Directors	0.84	0.72
Vehicle Fuel & Repairs	0.06	0.05
Auditors' remuneration	0.09	0.07
Other Miscellaneous Expenses	1.09	1.05
Contribution towards Corporate Social Responsibility	0.13	-
<b>Total</b>	<b>122.17</b>	<b>107.05</b>

Auditors' Remuneration includes ₹.5.05 lakhs (Previous Year ₹.5.05 lakhs) for Statutory Audit, ₹.0.79 lakhs (Previous Year ₹.0.79 lakhs) for Tax Audit and Transfer Pricing Audit ₹.1.34 lakhs (Previous Year - ₹.NIL)

₹.0.60 lakhs (Previous Year ₹.1.05 lakhs) against Cost Audit, Secretarial Audit ₹.1.00 lakhs (Previous Year ₹. NIL)

An amount of ₹.58,989/- (Previous Year - ₹.42,135/-) was paid to the Auditors towards certification and out-of-pocket expenses and the same is grouped under consultancy charges.





Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>25 FINANCE COSTS</b>		
a Interest on		
Term loans	2.06	2.86
Working Capital & Others	5.07	5.60
b Other Borrowing Costs - Bank Charges	1.50	1.04
<b>Total</b>	<b>8.63</b>	<b>9.50</b>
<b>26 EARNINGS PER SHARE</b>		
<b>Earnings Per Share - In ₹.</b>		
Basic	30.04	17.45
Diluted	30.04	17.22
<b>Earnings per Share is calculated as under:</b>		
a Numerator		
<b>Net Profit after Tax as disclosed in Statement of Profit and Loss</b>	<b>17.98</b>	<b>9.88</b>
b Denominator		
Weighted Average Number of Equity Share Outstanding		
Basic	5,983,915	5,661,947
Diluted	5,983,915	5,736,114
c <b>Nominal Value of Share (In ₹.)</b>	<b>10.00</b>	<b>10.00</b>
No. of Shares as on 1st April	5,691,331	5,608,831
No. of Shares as on 31st March	7,186,260	5,691,331
<b>Weighted Average No. of Shares</b>	<b>5,983,915</b>	<b>5,661,947</b>
<b>Dilutive No. of Shares</b>	<b>5,983,915</b>	<b>5,736,114</b>
<b>27 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)</b>		
a Gurantees given by Banks and Counter Guaranteed by the Company	-	-
b On account of Letters of Credit issued by Bankers on behalf of the Company	1.43	1.94
c Claims against Company not acknowledged as Debts, being demands from Commissionerate of Central Excise on availing Input Credit of Service Tax. Based on the advise of its legal counsels and interpretation of the relevant regulations governing the levy of Excise Duty, the Company is of the opinion that the issues raised in the demand notice are unlikely to be sustained. Accordingly no provision has been made for such demands.	1.78	1.78
<b>28 RELATED PARTY TRANSACTIONS</b>		
Related Parties with whom transactions have taken place during the year:		
<b>a Key Managerial Personnel:</b>		
Mr. V.Rajagopal		
Mrs. Rama Rajagopal		
<b>b Relatives of Key Managerial Personnel</b>		
Ms. Anjali Rajagopal		
<b>c Enterprises under Control or Significant Influence of Key Managerial Personnel / Relatives of Key Managerial Personnel</b>		
M/s Celebrity Fashions Limited		
M/s Celebrity Clothing Limited		
M/s Celebrity Connections		
M/s Touche PR		



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>d Transactions carried out with Related Parties during the Year</b>		
Managerial Remuneration	0.84	0.72
Salaries	-	0.01
Consultancy Charges	0.10	0.07
Jobwork Charges, Material Purchases and Rentals - Celebrity Fashions Limited	32.70	36.35
<b>e Outstanding Balances as on 31.03.15</b>		
i Payable as Managerial Remuneration	0.07	0.06
ii Salaries	-	-
iii Consultancy Charges	0.01	0.01
iv Trade Payable against Jobwork Charges, Material Purchases and Rentals - Celebrity Fashions Limited	4.03	9.20
v Long-Term Loans and Advances - Security Deposit - Celebrity Fashions Limited	0.82	0.82
<b>29 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES</b>		
Loans and advances in the nature of Loans given to Subsidiaries, Associates and Others		-
<b>30 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 recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.		
<b>Amount Recognised in the Balance Sheet in respect of gratuity</b>		
Present Value of Defined Benefit Obligation at the end of the Year	0.50	0.35
Fair Value of Plan Assets at the end of the Year	0.28	0.31
<b>Net Liability / (Asset)</b>	<b>0.23</b>	<b>0.04</b>
<b>Amount Recognised in Statement of Profit and Loss in respect of gratuity</b>		
Current Service Cost	0.11	0.09
Interest on Defined Benefit Obligations	0.02	0.02
Expected Return on Plan Assets	(0.02)	(0.02)
Net Actuarial (Gain) / Loss recognised during the Period	0.08	(0.04)
<b>Net Gratuity Cost</b>	<b>0.19</b>	<b>0.06</b>
Actual Return on Plan Assets		
Expected Return on Plan Assets	0.02	0.02
Actuarial Gain / (Loss) on Plan Assets	0.00	0.00
<b>Actual Return on Plan Assets</b>	<b>0.02</b>	<b>0.03</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Opening Defined Benefit Obligation	0.35	0.28
Current Service Cost	0.11	0.09
Interest Cost	0.02	0.02
Actuarial (Gain) / Loss	0.08	(0.03)
Benefits Paid	(0.06)	(0.02)
<b>Closing Defined Benefit Obligation</b>	<b>0.50</b>	<b>0.35</b>
Opening Fair Value of Plan Assets	0.31	0.30



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
Expected Return on Plan Assets	0.02	0.02
Actuarial Gain / (Loss)	0.00	0.00
Employer Contributions	-	-
Benefits Paid	(0.06)	(0.02)
<b>Closing Fair Value of Plan Assets</b>	<b>0.28</b>	<b>0.31</b>
<b>Closing balances of Defined Benefit Obligation</b>		
Defined Benefit Obligation at the beginning of the Year	0.35	0.28
Interest Cost	0.02	0.02
Current Service Cost	0.11	0.09
Benefit Paid (0.06)	(0.02)	
Actuarial (gain) / loss on obligations	0.08	(0.03)
Liability at the end of the Year	0.50	0.35
<b>Closing balances of Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the Year	0.31	0.30
Expected Return on Plan Assets	0.02	0.02
Employer Contributions	-	-
Benefits Paid	(0.06)	(0.02)
Actuarial gain/(loss) on Plan Assets	0.00	0.00
Fair Value of Plan Assets at the end of the Year	0.28	0.31
Actual Return on plan assets	0.02	0.03
<b>Investment Details of Plan Assets</b>		
Assets under Insurance Schemes	100%	100%
<b>Principal Actuarial Assumptions at the Balance Sheet Date</b>		
Discount Rate	7.7%	9.2%
Estimated Rate of Return on Plan Assets	8.0%	8.0%
The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		

**31 EMPLOYEE STOCK OPTION SCHEME DETAILS (ESOP)**

The Shareholders in the Annual General Meeting held on 30th September 2011, have approved the issue of 11,16,000 Options under the Scheme titled "Employee Stock Option Scheme (ESOP) 2011" to Key Managerial Executives of the Company. Each Option comprises one underlying Equity Share. The Details of the Scheme is provided in the Annexure to the Directors' Report.

The difference between the Fair Price of the Share underlying the Options on the date of grant and the exercise price of the Options (being the intrinsic value of the option) representing Stock Compensation expense is expensed over the Vesting Period.



Notes to the Accounts as at 31st March 2015

₹. In Crores

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>ESOP Details as on the date of the Balance Sheet</b>		
Options Outstanding at the beginning of the Year	484,500	701,000
Granted during the Year	-	
Vested during the Year		82,500
Exercised during the Year	82,500	82,500
Cancelled during the Year		134,000
Options Outstanding at the end of the Year	402,000	484,500
<b>32 OTHERS</b>		
<b>a Aggregate Expenses</b>		
Electricity Expenses included under Power and Fuel	0.09	0.09
<b>b Earnings in Foreign Currency</b>		
Export of Goods - FOB Value	0.69	0.28
<b>c Expenditure in Foreign Currency</b>		
Traveling expenses	0.52	0.39
Software Expenses	0.16	0.10
Consultancy Fees	0.05	-
Advt. Product Shoot	0.63	-
Commission	0.12	-
<b>d Value of Imports</b>		
Rawmaterials	4.69	0.12
Capital Goods	-	-
<b>e Imported and Indegenious Consumption of Rawmaterials</b>		
Imported		
-- Rs. In Crores	3.51	0.10
-- % to Total	3.0%	0.1%
Indigenous		
-- Rs. In Crores	113.33	101.42
-- % to Total	97.0%	99.9%

**33 OTHER DISCLOSURES**

- a Previous year figures have been regrouped, reworked and reclassified wherever necessary to confirm to current year classification.
- b In the opinion of the Board of Directors, long term loans and advances, other non current assets and current assets of the Company, are expected to have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. Provision for bad or doubtful amounts has been made in the accounts, wherever warranted..

For CNGSN & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 4915S

For and on Behalf of the Board  
V. Rajagopal  
Chairman & Managing Director

C.N.Gangadaran  
Partner  
Membership No. 11205

Rama Rajagopal  
Director

Chennai, 21 May, 2015

M. Thiyagarajan  
Chief Financial Officer

J. Manikandan  
Company Secretary



Cashflow Statement for the year ending 31st March 2015

₹. In Crores

Sl. No.	Particulars	2014-15	2013-14
<b>A</b>	<b>Cashflow from Operating Activities</b>		
	<b>Net Profit before Tax and before Extra-Ordinary Items</b>	22.74	12.50
	Adjustments for:		
	Depreciation for the Year	2.92	2.46
	Depreciation for Sale of Assets	(2.42)	(2.53)
	Assets Value Written off - Life Time Expiry	(0.67)	-
	Bad Debts written off	0.17	-
	Deferred Employee Compensation Expenses	-	0.43
	Unrealised (Gain) / Loss on Exchange Differences	-	(0.25)
	Interest & Finance Charges paid	8.63	9.75
	Interest Income	(0.12)	(0.17)
		8.51	9.70
	<b>Operating Profit before Working Capital Changes</b>	<b>31.25</b>	<b>22.19</b>
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	(20.82)	(7.82)
	Decrease / (Increase) in inventories	7.20	(10.73)
	Increase / (Decrease) in creditors and other payables	(3.29)	11.18
	<b>Cash generated from Operations</b>	<b>14.35</b>	<b>14.83</b>
	Income Taxes Refund / (Paid) (net)	(3.67)	(0.97)
	<b>Net Cash from Operating Activities</b>	<b>10.68</b>	<b>13.86</b>
<b>B</b>	<b>Cashflow from Investing Activities</b>		
	(Purchase) / Sale of Fixed Assets (net)	0.03	0.52
	Value of Assets with Expired Life	0.67	-
	Investments	(59.07)	-
	Interest Received	0.12	0.17
	<b>Net Cash (Used In) / from Investing Activities</b>	<b>(58.25)</b>	<b>0.69</b>
<b>C</b>	<b>Cashflow from Financing Activities</b>		
	Share Capital	1.49	0.08
	Share Premium	71.42	-
	Short Term Borrowings	4.23	(1.22)
	Long Term Borrowings (Net)	(21.24)	(3.50)
	Interest and Finance Charges paid	(8.63)	(9.75)
	<b>Net Cash (Used In) / from Financing Activities</b>	<b>47.29</b>	<b>(14.39)</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>(0.28)</b>	<b>0.15</b>
	Cash and Cash Equivalents (Opening Balance)	2.71	2.56
	<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>2.43</b>	<b>2.71</b>

Note:

- The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3
  - Cash and Cash equivalents represents
    - Cash balances
    - Bank balances
    - Deposits held as Margin Money against Borrowings / Guarantees (Refer Note 17)
- To be read with our report of even date

For CNGSN & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 4915S

For and on Behalf of the Board  
V. Rajagopal  
Chairman & Managing Director

C.N.Gangadaran  
Partner  
Membership No. 11205

Rama Rajagopal  
Director

Chennai, 21 May, 2015

M. Thiyagarajan  
Chief Financial Officer

J. Manikandan  
Company Secretary



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# Indian Terrain Fashions Limited



## INDIAN TERRAIN FASHIONS LIMITED

CIN:L18101TN2009PLC073017

Registered office: No.208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai-600 100  
Phone No.91-44-4227 9100; email: response.itfl@indianterrain.com Fax No.+91-44-4343 2360; Website: www.indianterrain.com

### ATTENDANCE SLIP

Regd Folio No. /DP/ Client ID

No. of Shares held

I hereby record my presence at the SIXTH ANNUAL GENERAL MEETING of the Company at the Corporate Office situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045 at 11.30 A.M. on Friday, the 25th day of September 2015.

.....  
Signature of member / Proxy

### PROXY FORM

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

CIN	: L18101TN2009PLC073017
Name of the Company	INDIAN TERRAIN FASHIONS LIMITED
Registered Office	: 208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai-600 100
Name of the member (s)	:
Registered Address	:
E-mail Id	:
Folio No./Client Id	:
DP ID	:

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

1. Name :  
Address :  
Email Id :  
Signature :

.....,

or failing him

as my / our proxy to attend and vote (on a poll) for me / us on my behalf at the Sixth Annual General Meeting of the Company to be held on Friday, the 25th day of September 2015 at 11.30 A.M. at the Corporate Office situated at SDF-IV& C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045 and at any adjournment thereof in respect of such resolutions are indicated below:

Resolution No.

- |    |     |
|----|-----|
| 1. | 2.  |
| 3. | 4.  |
| 5. | 6.  |
| 7. | 8.  |
| 9. | 10. |

Affix  
Re. 1/-  
Revenue Stamp

Signed this..... Day of..... 2015.

Signature of shareholder

Signature of Proxy holder(s)

Note: This form in order to be effective, should be duly completed and deposited at the Corporate Office of the Company situated at SDF-V& C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045 not less than 48 hours before the commencement of the meeting.

**REGISTERED BOOK POST**

If undelivered please return to

**Indian Terrain Fashions Limited**

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

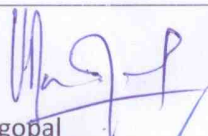



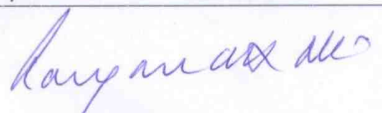
Tel : +91 44 4227 9100

Fax : +91 44 4343 2360



**FORM A**

Format of Covering Letter of the Annual Report to be submitted to the Stock Exchanges:

1	Name of the Company	INDIAN TERRAIN FASHIONS LIMITED
2	Annual Financial statements for the year ended	31 <sup>st</sup> March 2015
3	Type of Audit Observation	Un-qualified
4	Frequency of observation	Not Applicable
5	To be signed by	
	a) CEO/Managing Director	 V. Rajagopal
	b) CFO	 M. Thiagarajan
	c) Auditor of the company	 C N Gangadaran Partner Membership No.11205 M/s.CNGSN & Associates LLP 
	d) Audit Committee Chairman	 N.K. Ranganath