

# INDIAN TERRAIN FASHIONS LIMITED



**5<sup>th</sup>**  
**ANNUAL REPORT 2013 - 2014**



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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

### Management Team

Mr. Charath Ram Narsimhan, Chief Executive Officer  
 Mr. Amitabh Suri, Chief Operating Officer  
 Mr. Selin Reubalin CC, Executive Vice President - Operations (Group)  
 Mr. A.M.Gopinath, Vice President - Commercial (Group)  
 Ms. L.Visalakshi, Vice President-Finance & Accounts (Group)  
 Ms. Shehnaz Sharrif, General Manager, Merchandising  
 Mr. Charlie Manickarayan, General Manager-HR (Group)

### 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  
 T. Nagar, Chennai 600 017

### Internal Auditors

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

### Banker

State Bank of India, Chennai - 600 001  
 HDFC Bank Ltd, Chennai - 600 002

### Warehouse

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



**NOTICE CONVENING THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fifth Annual General Meeting of Indian Terrain Fashions Limited will held on 29th day, September 2014 at 11.00 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, 2014 including audited Balance Sheet as at 31st March, 2014 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 re-appoint Statutory Auditors and to fix their remuneration and to pass the following resolution with or without modification(s) as an 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 Anil Nair & Associates, Chartered Accountants, Chennai (Firm Registration No 000175S) and M/s.CNGSN & Associates, Chartered Accountants, Chennai (Firm Registration No.004915S), be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 8th AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**SPECIAL BUSINESS:**

4. **Appointment of Mr.N.K.Ranganath as an Independent 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 Sections 149 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.N.K.Ranganath ( holding Din 00004044) be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years upto FY 2018- 2019 .”

5. **Appointment of Mr.P.S.Raman as an Independent 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 Sections 149 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.S.Raman ( holding Din 00003606) be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years up to FY 2018- 2019 .”

6. **Appointment of Mr.Harsh Bahadur as an Independent 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 Sections 149 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Harsh Bahadur ( holding Din 00724826) be and is hereby appointed as an Independent Director of Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years up to FY 2018- 2019 .”

7. **Appointment of Mr.Manoj Mohanka as an Independent 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 Sections 149 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.Manoj Mohanka ( holding Din 00128593) be and is hereby appointed as an Independent Director of Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years up to FY 2018- 2019 .”

8. **REVISION IN TERMS OF REMUNERATION TO MR. V. RAJAGOPAL, CHAIRMAN & MANAGING DIRECTOR:**

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

“RESOLVED THAT pursuant to Section 197 of Companies act read with the provisions of Schedule V and other applicable provisions, if any of the Companies Act, 2013, approval of members, be and is hereby accorded for the revision of maximum amount of salary of Mr. V. Rajagopal Chairman & Managing Director of the Company with effect from 1st April 2014 for the remaining period of his appointment (i.e) up to 30th September 2015 as set out in the explanatory statement annexed hereto with the other existing terms of his appointment and remuneration remaining unaltered”

“RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to fix and vary remuneration and perquisites including monetary value thereof to the extent the Board of Directors may consider appropriate and as may be considered and permitted or authorised in accordance with the provisions of the Companies Act, 2013 for the time being in force and any statutory modifications or enactment thereof, and/or any rules or regulations framed there under”.

“RESOLVED FURTHER that the Board or a Committee thereof be and is hereby authorised to take all such step as may be necessary, proper and expedient to give effect to this Resolution”.

9. **REVISION IN TERMS OF REMUNERATION TO MRS. RAMA RAJAGOPAL, EXECUTIVE DIRECTOR:**

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



“RESOLVED THAT pursuant to Section 197 of Companies act read with the provisions of Schedule V and other applicable provisions, if any of the Companies Act, 2013, approval of members, be and is hereby accorded for the revision of maximum amount of salary of Mrs. Rama Rajagopal Executive Director of the Company with effect from 1st April 2014 for the remaining period of her appointment (i.e) up to 30th September 2016 as set out in the explanatory statement annexed hereto with the other existing terms of her appointment and remuneration remaining unaltered”

“RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to fix and vary remuneration and perquisites including monetary value thereof to the extent the Board of Directors may consider appropriate and as may be considered and permitted or authorised in accordance with the provisions of the Companies Act, 2013 for the time being in force and any statutory modifications or enactment thereof, and/or any rules or regulations framed there under”.

“RESOLVED FURTHER that the Board or a Committee thereof be and is hereby authorised to take all such step as may be necessary, proper and expedient to give effect to this Resolution”.

## 10. BORROWING POWERS OF THE COMPANY

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

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Shareholders of the Company held on 18th September 2010 pursuant to Section 180 of the Companies Act,2013 and other provisions, if any as may be applicable from time to time, approval of members, be and is hereby accorded to the Board of Directors of the Company for borrowing money from time to time any sum or sums of moneys on such terms and conditions and with or without security at its discretion either from the company's bankers or from any other banks, financial institutions or other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors for the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary course of business)will exceed the aggregate of the paid up capital of the company and its free reserves provided that the total amount up to which monies may be borrowed by the Company shall not exceed Rs.200 Crores (Rupees Two Hundred Crores only).

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this Resolution.”

Date : 11th August 2014  
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 22nd September 2014 to 29th September 2014 (both days inclusive)
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment.

## 7. IMPORTANT SHAREHODER COMMUNICATION:

The Ministry of Corporate Affairs (MCA), Government of India has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliance by the Companies and had issued circulars stating that Annual Reports be sent to shareholders whose E-mail IDs are registered with us or the depositories. In case you are desirous of having a complete text of Annual Report 2013-14, 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 2014 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 for 2014 is being sent in the permitted mode.

Electronic copy of the Notice of the 5th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository 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 Notice of the 5th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

## 8. E-Voting:

In compliance of with section 108 of the Companies Act, 2013 and relevant rules there under, the company is also required to conduct the voting process electronically. The Business to be transacted at the AGM may be transacted through electronic voting system and the company is providing the facility for voting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 22nd September, 2014 and ends on 24th September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd August,2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



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

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	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> Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
<b>DOB</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
<b>Dividend Bank Details</b>	<ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be

- used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- (xviii) 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.
- (xix) 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).
- 9. The e-voting period commences on 22nd September, 2014 (9:00 am) and ends on 24th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, 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 the shareholder, the shareholder shall not be allowed to change it subsequently.
- 10. 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 22nd August, 2014.
- 11. Mr. S.Bhaskar, Practicing Company Secretary (C.P.No.A8315)



has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

12. 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.
13. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website 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.
14. 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 2014

For and on behalf of the Board

Place : Chennai

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**

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

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

Mr.N.K.Ranganath is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in 20th September 2010. Mr. N.K.Ranganath is Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the of the Board of Directors of the Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the company.

In the opinion of the Board, Mr. N.K.Ranganath fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. N.K.Ranganath as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. N.K.Ranganath as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. N.K.Ranganath as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. N.K.Ranganath, being an appointee, none of the Directors and Key Managerial Personnel of the Company and

their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### **Item No.5**

Mr.P.S.Raman, born on 07th November, 1960, holds bachelor degree in commerce and Law. He is a Senior Advocate with more than two decades of practice in Madras High Court and in the Supreme Court.

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

Mr.P.S.Raman is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in 20th September 2010. Mr. P.S.Raman is a member of the Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the company.

In the opinion of the Board, Mr. P.S.Raman fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr.P.S.Raman as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.P.S.Raman as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. P.S.Raman as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.P.S.Raman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### **Item No.6**

Mr. Harsh Bahadur, born on 1st April 1955, holds a Master Degree in History from St.Stephens College, Delhi University and Hold MBA from Boston University.

He has 31 years of experience in Retail, Branded FMCG and Music Industries.

Mr. Harsh Bahadur is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in 27th June 2011. Mr. Harsh Bahadur is a member of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the company.

In the opinion of the Board, Mr. Harsh Bahadur fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Harsh Bahadur as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.



The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Harsh Bahadur as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Harsh Bahadur as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Harsh Bahadur, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No.7**

Mr. Manoj Mohanka, born on 5th March 1963, holds a Master Degree in Strategic Marketing from National University of Ireland, Chevening Scholar from London School of Economics.

He has 20 Years of experience in business management and held various positions in Industry Forums including President, Calcutta Chamber of Commerce, Co-Chairman, Economic Affairs Committee of FICCI(Eastern Region), Committee Member of Indo-Italian Chamber of Commerce, Board of Governors of Eastern Institute of Management, Chairman, Young Presidents Organisation, Kolkata. Also a Guest Lecturer at Indian Institute of Technology at Kharagpur.

Mr. Manoj Mohanka is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in 13th December 2011. Mr. Manoj Mohanka is a member of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the company.

In the opinion of the Board, Mr. Manoj Mohanka fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Manoj Mohanka as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Manoj Mohanka as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Manoj Mohanka as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Manoj Mohanka, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No.8**

At the Annual General Meeting of the Company held on September 30, 2011, the Members had approved the appointment and terms of remuneration of Mr. V. Rajagopal, Chairman & Managing Director, with the maximum amount of salary of Rs.2,00,000 p.m and authorized the Board of Directors to fix and vary remuneration and perquisites including monetary value thereof to the extent the Board of Directors may consider appropriate in accordance with the provisions of the Companies Act, 1956 and any rules or regulations framed thereto. Taking into consideration

the increased business activities of the Company and the responsibilities cast on Mr. V. Rajagopal, the Board has revised the maximum limit of salary of Mr. V. Rajagopal from ₹.2,00,000 p.m. to ₹.3,00,000 p.m., with effect from March 1, 2013, which was approved by the shareholders in the Annual General Meeting dated 23rd September 2013. Further to the above, considering the increase in business activities, Board has revised the maximum limit of salary of Mr. V. Rajagopal from ₹.3,00,000/- p.m to ₹.3,50,000/- p.m with effect from 1st April 2014 for the remainder of the tenure of his appointment i.e. up to September 30, 2015, with proportionate increase in the benefits related to his salary.

The Board of Directors of the Company is authorised to alter or vary the terms of remuneration of Mr. V. Rajagopal as it may, at its discretion deem fit from time to time, so as not to exceed the limits specified in Schedule VI of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto from time to time.

The revision in remuneration of Mr. V. Rajagopal Chairman and Managing Director is subject to the approval of the Members. Resolution at Item No. 8 is accordingly placed for the approval of the members.

Except for Mr. V. Rajagopal Chairman and Managing Director and Mrs. Rama Rajagopal, Executive Director, no other directors are interested or concerned in the passing of the resolutions.

#### **Item No.9**

At the Annual General Meeting of the Company held on 23rd September 2013, the Members had approved the appointment in terms of remuneration of Mrs. Rama Rajagopal, Executive Director, with the maximum amount of salary of ₹.3,00,000 p.m. with effect from 1st October 2013 till the remaining period of the tenure and authorized the Board of Directors to fix and vary remuneration and perquisites including monetary value thereof to the extent the Board of Directors may consider appropriate in accordance with the provisions of the Companies Act, 1956 and any rules or regulations framed thereto. Taking into consideration the increased business activities of the Company and the responsibilities cast on Mrs. Rama Rajagopal, the Board has revised the maximum limit of salary of Mrs. Rama Rajagopal from ₹.3,00,000 p.m. to ₹.3,50,000 p.m., with effect from April 1, 2014, for the remainder of the tenure of her appointment i.e. up to September 30, 2016, with proportionate increase in the benefits related to her salary.

The Board of Directors of the Company is authorised to alter or vary the terms of remuneration of Mrs. Rama Rajagopal as it may, at its discretion deem fit from time to time, so as not to exceed the limits specified in Schedule VI of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto from time to time.

The revision in remuneration of Mrs. Rama Rajagopal Executive Director is subject to the approval of the Members. Resolution at Item Nos. 9 is accordingly placed for the approval of the members.

Except for Mr. V. Rajagopal Chairman and Managing Director and Mrs. Rama Rajagopal, Executive Director, no other directors are interested or concerned in the passing of the resolutions.

#### **Item No.10**

The members of the Company at their Annual General Meeting held on September 18, 2010 had approved by way of an Ordinary Resolution under Section 293(1)(d) read with Section 293 (1) (a) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the



Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹.200 Crores (Rupees Two Hundred crores)

Section 180 of the Companies Act, 2013 effective from September 12, 2013 requires that consent of the company accorded by way of a special resolution is required to borrow money in excess of the company's paid up share capital and free reserves. Further, as per the clarification issued by the Ministry of Corporate Affairs approval granted by the shareholders by way of an ordinary resolution shall be valid for one year from the date Section 180 became effective. Thus, the approval granted by members is valid up to 11th September, 2014.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180 and other applicable provisions of the Companies Act, 2013, as set out at Item No. 10 of the Notice.

The Board recommends this resolution for approval by the members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

Date : 11th August 2014  
Place : Chennai

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

## DIRECTORS REPORT

### Dear Members,

The directors have pleasure in presenting the 5th Annual Report together with the audited accounts of your Company for the year ending 31st March 2014.

### Outlook and Business Performance

The year that went by was a challenging one for the retail industry and seen a slowdown in the consumer spending. The GDP growth rate slipped to 5 percent, down from a 10-year average of 7.8 percent. With growth still challenging and underlying economic conditions still uncertain, your Company emerged a stronger brand and stood out in the market place.

Your Company has recorded net revenues of Rs.232 crs (48% growth) for the year ended 31st March 2014 as compared to Rs.157 crs during the previous year. Profit before Interest, Depreciation and Tax was at Rs.24.46 crs as against Rs.15.77 crs during the previous year. Profit before Tax stood at Rs.12.50 crs as compared to Rs.4.79 crs in the previous year and Net Profit after Tax was at Rs.9.88 crs as against a net profit of Rs.4.11 crs last year.

	FY 2013-14	FY 2013-14
Revenue From operations	232.06	156.70
Gross Profit / (Loss) before interest and depreciation	24.46	15.77
Interest	9.50	9.54
Profit / (Loss) before depreciation and tax	14.96	6.23
Depreciation	2.46	1.44
Profit / (Loss) before Extra-Ordinary Income	12.50	4.79
Extra-Ordinary Income	-	-
Profit / (Loss) before tax	12.50	4.79
Provision for Taxation	2.62	0.68
Profit / (Loss) after tax	9.88	4.11
Balance brought forward from previous year	10.89	6.78
Balance carried to Balance Sheet	20.77	10.89

India's retail industry is aggressively expanding itself. The retail market is expected to touch a whopping Rs 47 trillion (US\$ 782.23 billion) by 2016–17, expanding at a compounded annual growth rate (CAGR) of 15 per cent, according to a study by a leading industrial body.

With the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international. This has been compounded by easy availability of debit/credit cards which has contributed significantly to a strong and growing online consumer culture in India.

Favourable demographics, increasing urbanisation, nuclear families, purchasing power of consumers, preference for branded products and higher aspirations are some factors which will drive retail consumption in the country.

Your Company is constantly evaluating its strategies and actions and has taken necessary initiatives to meet the demands of the competitive market.

### 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.2.50 crores to Profit and Loss Account and has not considered MAT credit Entitlement as an asset as a matter of prudence.

The company has not availed any credit facility from any institutions during the year. The company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act 1956.

### Dividend

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

### 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 2014 is annexed hereto.

### Related Party Transactions

Related Party Transactions have been disclosed in the notes to accounts.

### Corporate Governance Report

Report on Corporate Governance along with the Certificate of 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

Management Discussion and Analysis is presented in a separate section and 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. Declaration 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.

## Share Capital

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. Consequently, the Share Capital has increased by Rs.8.25 lakhs.

## 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.

## 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.

## Auditors

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

## Cost Auditor

Your Company has appointed M/s Rafi & Associates, Cost Accountants, Chennai as Cost Auditor of your Company for the financial year 2014-15.

## 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 2014. 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.

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

A) Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 and based on the representations received, your Directors hereby confirm that:

- i. In the preparation of the Annual Accounts for the year ended 31st March 2014, the applicable Accounting Standards have

been followed and there are no material departures;

- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
  - iii. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - iv. The Directors have prepared the Annual Accounts on a going concern basis.
- B) Information in accordance with Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and "The Companies (Particulars of Employees) Amendment Rules 2011"

None of the employees have drawn remuneration as specified in the Rules therein.

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

### i. Conservation of Energy:

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

- ii. Technology absorption:

Not applicable.

- iii. Foreign Exchange Earning and Outgo:

Total Foreign exchange earned (FOB Value)	Rs.0.28 crs
Total Foreign exchange outgo	Rs.0.50 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 has 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.

Dated : 20th May 2014  
Place : Chennai

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



**ANNEXURE TO DIRECTORS REPORT-ESOP ANNEXURE  
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 & employee stock purchase scheme guidelines,1999)

Particulars	ESOP-2011
Options Granted	11,16,000 options
The Pricing Formula	Growth options - 8,86,000 options @Rs.99 per options; Thank You options-2,30,000 options at Rs.10/- each
Options Vested	2,92,200 options; Growth: 1,77,200 options & Thank You:115000
Options Exercised	82,500
Total number of shares arising as result of exercise of options	11,16,000 Equity Shares
Options Cancelled / Lapsed	5,21,500 options
Variation of terms of Options	<b>Growth Options:</b> Subject to continued employment with the Company and fulfilment of performance parameters determined by Compensation Committee. <b>Thank You Options:</b> Subject to continued employment with the Company
Money realised by exercise of options	Rs.8,25,000/-
Total number of options in force	4,84,500 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	Rs.17.58

**Shares Granted to Senior Management**

Employee Name	Total Options	Growth Options	Thank you Options	% of Issued Capital
Charath 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 8.5% under ESOP

Employee Name	Total Options	Growth Options	Thank you Options	%
Charath 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>	

**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 2013-14, the Board consists of six Directors. Mr.V.Rajagopal is the Chairman and Managing Director and Mrs. Rama Rajagopal, Executive Director and four non executive Independent Directors, Mr.P.S.Raman, Mr.N.K.Ranganath and Mr. Harsh Bahadur, 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.

**Board Meetings**

During the financial year 2013-14, the Board met 4 times on 03rd May 2013, 09th August 2013, 09th November 2013, and 12th February 2014.

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 2014 are



as follows:

Name of the Director	Category	Attendance at the Board Meetings	Attendance at the Last AGM	Number of other Director ships held**	Other Committee Membership***	
					Member	Chairman
Mr. V. Rajagopal Chairman & MD	Executive / Promoter	4/4	No	2	2	-
Mrs. Rama Rajagopal Executive Director	Executive Promoter	4/4	Yes	2	-	-
Mr.P.S.Raman Director	Independent Non Executive	1/4	No	1	2	-
Mr.N.K.Ranganath Director	Independent Non Executive	4/4	No	3	0	3
Mr. Harsh Bahadur Director	Independent Non Executive	4/4	No	0	2	-
Mr. Manoj Mohanka Director	Independent Non Executive	1/4	No	9	2	-

## Notes:

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

\*\*\* Only membership of audit committee and shareholders / investors grievance committee & Remuneration 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.

## COMMITTEES OF THE BOARD

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

## AUDIT COMMITTEE

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

The Company consists of qualified and independent Audit Committee. The committee consists of 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 03rd May 2013, 09th August 2013, 09th November 2013 and 12th February 2014 during the financial year ended 31st March 2014, where in all the committee members were present except Mr. Manoj Mohanka was not present for the meeting dated 03rd May 2013, 09th August 2013 and 09th November 2013.

## REMUNERATION AND COMPENSATION COMMITTEE

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

The Committee consists of 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 ended 31st March 2014, the Remuneration and Compensation Committee met once on 09th August 2013.

## Remuneration Policy

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

## Remuneration to Directors

The Non executive directors do not draw any remuneration from the Company other than the sitting fees for attending each meeting of the Board and committees thereof. The Company pays sitting fees of Rs. 10,000/- to all the non-executive directors for attending each meeting of the Board and Rs.1,500/- for each meeting of its committee thereof which is within the limits prescribed under the Companies Act, 1956.

During the financial year 2013-14, 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	49,000
Mr. P.S.Raman	10,000
Mr. Harsh Bahadur	47,500
Mr. Manoj Mohanka	11,500

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	36.00	Nil	36.00
Mrs.Rama Rajagopal	36.00	Nil	36.00

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 1,10,000 stock options granted to him under Thank you options. And, Mr. Amitabh Suri, Chief Operating Officer had exercised 27,500 stock options out of 55,000 stock options granted to him under Thank you options. On 09th August 2013, the Company had allotted the aforesaid 82,500 shares at an exercise price of Rs.10 per share.

## Shareholders/Investors Grievance Committee

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

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

The Company received no complaints during the year and there were no complaints pending to be resolved as on 31st March 2014.

During the year ended 31st March 2014, the Shareholders/Investors Grievance Committee met once on 09th August 2013.

## 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
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 2,3r Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2010-11	Friday,30th September 2011	11.00. A.M	Corporate Office, SDF- IV & C 2,3r 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 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

### AGM held on 30.09.2011

1. Employee Stock Option Scheme
2. Employee Stock Options equal or exceeding 1% of the issued Capital- Mr.Charath Narsimhan
3. Employee Stock Options equal or exceeding 1% of the issued Capital- Mr.Amitabh Suri

4. Employee Stock Options equal or exceeding 1% of the issued Capital-Mr.S.Surya Narayanan
5. Employee Stock Options equal or exceeding 1% of the issued Capital-Mr.John Dulip Kumar

## 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. All the members of the Board and senior management have confirmed compliance with the Code for the year ended, 31st March 2014. The annual report contains a declaration to this effect signed by the Chairman and Managing Director and the Company Secretary as Compliance Officer of the Code.

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

## CEO/ CFO CERTIFICATION

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

## DISCLOSURES

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

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

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

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

## Means of Communication

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



## GENERAL SHAREHOLDERS INFORMATION

### Financial Year

1st April to 31st March

### Annual General Meeting and Date of Book Closure

This Corporate Governance Report was taken on record by the Board in their meeting held on 20th May 2014. 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

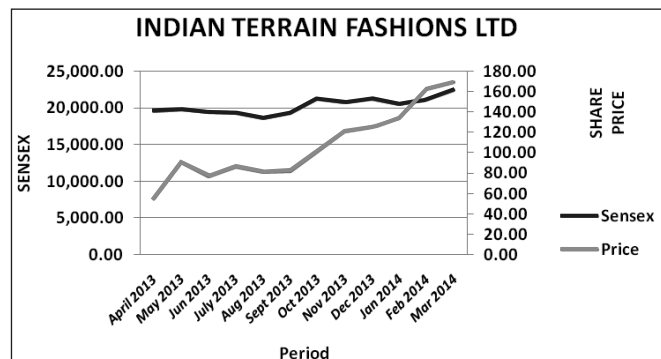
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Stock Code: "533329"	National Stock Exchange of India Limited Exchange Plaza, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Stock Code: "INDTERRAIN"
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###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

(Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-13	55.85	31.3	25,151	55.40	30.05	37,937
May-13	87.00	43.95	23,104	90.00	56.80	26,074
Jun-13	78.2	63.05	24,056	76.90	72.25	801
Jul-13	83.75	61.00	26,121	85.80	73.10	10,083
Aug-13	84.00	73.15	5,156	80.75	71.85	3,548
Sep-13	87.10	64.00	3,920	82.00	70.00	7,354
Oct-13	100.00	79.00	7,933	101.30	77.00	7,363
Nov-13	120.90	95.05	22,450	120.75	95.00	31,526
Dec-13	126.45	109.50	4,31,339	125.00	101.00	11,864
Jan-14	139.90	101.00	26,102	134.00	102.00	17,325
Feb-14	165.00	116.00	52,245	162.35	118.05	25,498
Mar-14	162.75	134.00	37,440	168.75	135.05	33,410

### 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.

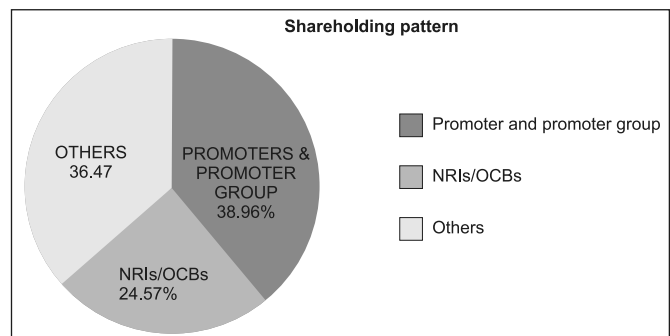
### Distribution of Shareholding:

Distribution of Shareholding as on 31st March 2014 is as under:

Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
001- 500	407793	4077930	7.16	10705	97.64
501- 1000	94023	940230	1.65	136	1.24
1001- 2000	73835	738350	1.30	51	0.47
2001- 3000	42427	424270	0.75	17	0.15
3001- 4000	32299	322990	0.57	9	0.08
4001- 5000	22094	220940	0.39	5	0.05
5001- 10000	79169	791690	1.39	11	0.10
Greater than 10000	4939691	49396910	86.79	30	0.27
<b>TOTAL</b>	<b>5691331</b>	<b>56913310</b>	<b>100.00</b>	<b>10964</b>	<b>100.00</b>

### Shareholding Pattern as on 31st March 2014

Category	No. of Shares	Percentage
<b>Promoter and promoter group</b>		
Promoter and promoter group	2217510	38.96
<b>Sub Total</b>	<b>2217510</b>	<b>38.96</b>
<b>NRIs/OCBs</b>		
Foreign Company	971428	17.07
Foreign Nationals		
Non Resident Indians	6121	0.11
Foreign Institutional Investors	420000	7.39
<b>Sub Total</b>	<b>1397549</b>	<b>24.57</b>
<b>Others</b>		
Clearing Members	9234	0.16
Private Corporate Bodies	925604	16.26
Public	1141434	20.05
<b>Sub Total</b>	<b>2076272</b>	<b>36.47</b>
<b>Total</b>	<b>5691331</b>	<b>100.00</b>





## 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 2014, 5691331 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 2013 - 14.

## 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

## “GROUP COMING WITHIN THE DEFINITION OF GROUP AS DEFINED IN THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969.”

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 3(1)(e) of the Securities Exchange Board of India (SubstantialAcquisitionofSharesandTakeovers)Regulations, 1997.

For Indian Terrain Fashions Limited  
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 2014, as stipulated in clause 49 of the listing agreement of the said Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the 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.

For CNGSN & Associates  
Chartered Accountants  
C.N. Gangadaran  
Partner

Place : Chennai  
Date : 20.05.2014

Membership No.11205  
F.R.No.004915S

## MANAGEMENT DISCUSSION AND ANALYSIS – 31<sup>ST</sup> MAR’14

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

Consumerism in India is witnessing unprecedented growth driven by favorable demographics, a young and working population, rising income levels, urbanization and growing brand orientation. This, in turn, is reflected in India's retail market, which in 2013, was estimated at US\$520 billion. The total organized retail supply in 2013 stood at approximately 4.7 million square feet (sq ft), witnessing a strong year-on-year (y-o-y) growth of about 78 per cent over the total mall supply of 2.5 million sq ft in 2012.

### Outlook

Organized retail penetration, currently estimated at 7.5%, is expected to clock a 19-20% p.a. growth to reach 10% by 2018. Penetration in tier-II and III cities, improvement in business models and operations, coupled with movement from unorganized to organized trade are expected to play an integral role in driving this growth.

Better employment opportunities and improved lifestyles have pulled the rural population towards cities. By 2030, it is estimated that 91 million households will be middle class and about 570 million people are expected to live in cities. This factor would be a significant driver for organised retail.

Retailers are rushing to capture opportunities in the Metros and also have been focusing on expanding in non-metros. In the next few years, modern retail is expected to grow 50–60 per cent annually in tier II and tier III cities, compared to only around 30 per cent in the metros.

With ample opportunities on board, the need of the hour is to



relentlessly focus on connecting with customers through whatever means available. Soliciting consistent feedback from customers and using it to provide them with relevant products, service and shopping experiences assumes prime importance.

Top priorities of the retailers for achieving the profitable growth will be to focus efficiently the inventory and supply chain management, working capital management, high operating costs, inflation and talent retention.

The year has been very good for Indian Terrain and the company is confident that the trend continues in the years to come. When slowdown is hunting most companies, few things that Indian Terrain did has richly paid. The core focus was on supply chain and the company better managed the same during the last year. Further the brand didn't follow the herd on big budget advertising, but let the styling of its products speak for itself. Indian Terrain's bulk of ad-spends goes into in-store activities at chains such as Lifestyle and Shoppers Stop. The focus for the past year has been on digital. Online sales recorded a substantial increase and the coming year should witness 30 per cent more of online sales. The brand is well spread across West, North and South and is no longer perceived as a South-Centric one.

### 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 rate regime has been continuously on the hike mode for the past several quarters and this is impacting the earnings after interest.

### Financial Performance

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

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

### Highlights

Rs. In Crores

	2013-2014	2012-2013
Income From operations	232.06	156.70
PBITD	24.46	15.77
Interest	9.50	9.54
PBDT	14.96	6.23
Depreciation	2.46	1.44
Profit/ (Loss) Before Tax	12.50	4.79
Provision for Taxation	2.62	0.68
Net Profit / (Loss) after Tax	9.88	4.11

### Human Resources/Industrial Relations

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

Measures for employees' safety, their welfare and development receives top priorities. The Company had around 385 employees as on 31st March 2014.

### 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 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of



expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956 we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.; and
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for ANIL NAIR & ASSOCIATES  
Chartered Accountants  
ICAI Firm Registration  
Number 000175S  
G. ANIL  
Partner  
Membership Number 22450  
Place : Chennai  
Date : 20.05.2014

for CNGSN & ASSOCIATES  
Chartered Accountants  
ICAI Firm Registration  
Number 004915S  
C.N. GANGADARAN  
Partner  
Membership Number 11205

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Indian Terrain Fashions Limited ("the Company") for the year ended March 31, 2014. We report that:

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

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the fixed assets of the Company have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. In accordance with the phased programme of verification, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- c. The fixed assets disposed of during the year do not constitute a substantial part of the fixed assets of the Company and such disposal in our opinion has not affected the going concern status of the Company.

### 2. In respect of its inventories :

- a. Inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
  - a. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4(iii)(a), 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
  - b. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4(iii)(e), 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets, inventory and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. In respect of contracts or arrangements referred to in section 301 of Companies Act, 1956





- a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lakh in respect of each party during the year have been made at prices which appear reasonable having regard to the prevailing market prices at the relevant time, as per information available with the Company.
6. According to the information and explanations given to us the Company has not accepted any deposits from the public. Therefore the provisions of Clause (vi) of paragraph 4 of the Order (as amended) are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - a. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees State Insurance Scheme, Income Tax, Excise Duty, Service Tax, Customs Duty and other material statutory dues, as applicable have been regularly deposited during the year by the Company with the appropriate authorities *except that the Company is irregular in the remittance of advance Income Tax.*
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance Scheme, Income Tax, Service Tax, Value Added Tax and other material statutory dues were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
  - c. According to the information and explanations given to us, the disputed statutory dues aggregating to ₹. 177.88 Lakhs that has not been deposited on account of matters pending before the appropriate authority are as under:-
10. 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.
11. 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.
12. According to the information and explanations given to us, and based on the records and documents produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. In our opinion and to the best of our information and according to the explanations provided by the management, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order 2003 (as amended) do not apply to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on a short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the period.
20. The Company has not raised any money by way of public issue during the period. Hence in our opinion Clause 4(xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, and as per the information and explanations given to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

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	Additional Commissioner, Central Excise, Chennai	February 2012 to April 2012	47.43
Central Excise Act, 1944	CENVAT	Additional Commissioner, Central Excise, Chennai	May 2012 to September 2012	32.18
Central Excise Act, 1944	CENVAT	Additional Commissioner, 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>

for **ANIL NAIR & ASSOCIATES**

Chartered Accountants

ICAI Firm Registration

Number 000175S

**G. ANIL**

Partner

Membership Number 22450

Place : Chennai

Date : 20.05.2014

for **CNGSN & ASSOCIATES**

Chartered Accountants

ICAI Firm Registration

Number 004915S

**C.N. GANGADARAN**

Partner

Membership Number 11205



## Balance Sheet as at 31st March 2014

₹. In Crores

Particulars	Note No.	As at 31-Mar-14	As at 31-Mar-13
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's Funds</b>			
(a) Share Capital	2	5.69	5.61
(b) Reserves and Surplus	3	30.49	20.18
		<b>36.18</b>	<b>25.79</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-term borrowings	4	16.28	20.74
(b) Deferred tax liabilities (Net)	5	-	-
(c) Other Long-term liabilities	6	5.06	3.49
		<b>21.34</b>	<b>24.23</b>
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	7	35.04	36.26
(b) Trade payables	8	35.05	26.46
(c) Other current liabilities	9	6.94	5.40
(d) Short-term provisions	10	6.11	3.30
		<b>83.14</b>	<b>71.42</b>
<b>Total</b>		<b>140.66</b>	<b>121.44</b>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		7.78	8.12
(ii) Intangible assets		0.16	0.28
		<b>7.94</b>	<b>8.40</b>
(b) Long-term loans and advances	12	8.53	7.55
(c) Other non-current assets	13	0.24	0.18
		<b>16.71</b>	<b>16.13</b>
<b>2 Current Assets</b>			
(a) Inventories	14	43.08	32.35
(b) Trade receivables	15	77.11	69.05
(c) Cash and Bank Balances	16	2.71	2.56
(d) Short-term loans and advances	17	0.23	0.23
(e) Other current assets	18	0.82	1.12
		<b>123.95</b>	<b>105.31</b>
<b>Total</b>		<b>140.66</b>	<b>121.44</b>

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

1

For Anil Nair & Associates  
Chartered Accountants  
ICAI Firm Registration No. 000175S

For CNGSN & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004915S

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

G.Anil  
Partner  
Membership No. 22450

C.N.Gangadaran  
Partner  
Membership No. 11205

Rama Rajagopal  
Director

Dated : 20 May 2014  
Place : Chennai

J. Manikandan  
Company Secretary



Statement of Profit and Loss for the Year Ended 31st March 2014

₹. In Crores (except per share data)

Particulars	Note No.	for the year ended 31-Mar-14	for the year ended 31-Mar-13
I Revenue from Operations (gross)	19	232.06	166.37
Less: Excise Duty		-	9.67
<b>Revenue from Operations (net)</b>		<b>232.06</b>	<b>156.70</b>
II <b>Other Income</b>	20	0.28	0.56
<b>Total Revenues</b>		<b>232.34</b>	<b>157.26</b>
III <b>Expenses</b>			
a Cost of Materials	21	73.59	48.49
b Purchases of Traded Goods		27.93	11.51
c Changes in Inventories of Finished Goods & Work-in-Progress - (Inc) / Dec		(11.77)	0.16
d Employee Benefit Expenses	22	11.08	9.19
e Other Expenses	23	107.05	72.14
<b>Total</b>		<b>207.88</b>	<b>141.49</b>
IV <b>Earnings before Interest, Depreciation and Tax</b>		<b>24.46</b>	<b>15.77</b>
f Finance Costs	24	9.50	9.54
g Depreciation and Amortisation Expenses		2.46	1.44
<b>Total Expenses</b>		<b>11.96</b>	<b>10.98</b>
V <b>Profit before Tax</b>		<b>12.50</b>	<b>4.79</b>
VI <b>Tax Expenses</b>			
a Current Tax Expense		2.62	0.96
b Deferred Tax		-	(0.28)
		2.62	0.68
VII <b>Profit for the Period</b>		<b>9.88</b>	<b>4.11</b>
VIII <b>Earnings Per Share - In ₹.</b>			
-- Basic		<b>17.45</b>	<b>7.36</b>
-- Diluted		<b>17.22</b>	<b>7.14</b>

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

1

For Anil Nair & Associates  
Chartered Accountants  
ICAI Firm Registration No. 000175S

For CNGSN & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004915S

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

G.Anil  
Partner  
Membership No. 22450

C.N.Gangadaran  
Partner  
Membership No. 11205

Rama Rajagopal  
Director

Dated : 20 May 2014  
Place : Chennai

J. Manikandan  
Company Secretary



## Notes to the Accounts as at 31st March 2014

### 1 Significant Accounting Policies

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

#### 1 Accounting Convention:

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 by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and guide lines 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.

#### 2 Fixed Assets, Intangible Assets & Depreciation:

a Fixed Assets are stated at cost of acquisition (inclusive of all incidental expenses incurred towards acquisition and installation thereof) less accumulated depreciation there on

b Depreciation on Fixed Assets is calculated on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956

c Assets acquired on Hire Purchase are capitalised at cost and interest thereon is charged to the statement on Profit and Loss.

#### 3 Use of Estimates

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

#### 4 Inventories:

a Raw Materials and Components are valued at lower of Cost or Net Realisable Value. Cost of the same is computed by applying Specific Identification Method.

b Work in Progress and Finished Goods are valued at lower of Cost or Net Realisable Value. Cost of these inventories includes costs of conversion and other costs incurred in bringing them to the present location and condition.

#### 5 Income Recognition:

Sales net of trade discounts and rebates are recorded when significant risks and rewards of ownership are transferred. Consignment Sales are accounted on the basis of Sales Memo received from Consignees. Sales include excise duty but exclude Sales Tax and Value Added Tax Export Sales are accounted on the basis of the dates of Bill of Lading, other delivery documents as per the contract.

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 recognised on Time-Proportion basis taking into account the amount outstanding and the rate applicable.

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

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. Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

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 recognised in the statement of profit and loss

#### 7 Leases

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



## Notes to the Accounts as at 31st March 2014

Sl. No.	Particulars
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### 8 Employees' Benefits:

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

Provident Fund is defined contribution plan and charged to statement of profit and loss on accrual basis with corresponding contribution to recognised funds. Leave Entitlement is a short term employee benefit and is determined arithmetically and charged to statement of profit and loss on accrual basis.

The company provides for gratuity, a defined retirement plan ('the Gratuity Plan') covering 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 the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method in accordance with the Revised Accounting Standard 15.

### 9 Taxation:

Income Taxes are accrued in the same period when the related revenue and expenses arise. Provision for Current Tax is made after taking into consideration tax allowances, benefits and exemptions admissible under the provisions of 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 taxes reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for earlier years. Deferred tax on timing differences between taxable income and accounting income is to be accounted for, using the tax rate and the tax laws enacted or substantially enacted as on the balance sheet date. Accumulated losses and unabsorbed depreciation were apportioned to the Company as a consequence of its demerger from Celebrity Fashion Limited, hence provision for deferred tax has not been made as a matter of prudence.

### 10 Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. 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 statement of profit and loss.

### 11 Provisions and Contingent Liabilities:

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

### 12 Segment reporting:

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



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>2 SHARE CAPITAL</b>		
<b>a Authorised, Issued, Subscribed and Paid-Up Share Capital</b>		
Authorised Share Capital: 1,20,00,000 (Prev. Yr. 1,20,00,000) Equity Shares of ₹.10/- each	12.00	12.00
Issued, Subscribed and Paid up Capital : 56,91,331 (Prev. Yr. 56,08,831) Equity Shares of ₹.10/- each	5.69	5.61
<b>Total</b>	<b>5.69</b>	<b>5.61</b>
<b>b Reconciliation of the number of Shares</b>		
Number of Equity Shares Outstanding at the beginning of the Year	5,608,831	5,581,331
Add: Number of Shares issued during the Year	82,500	27,500
Number of Equity Shares Outstanding at the end of the Year	5,691,331	5,608,831
<b>c Rights, Preferences and Restrictions attached to Equity Shares</b>		
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		
<b>d Shares held by Holding Company, Ultimate Holding Company, Subsidiaries, Associates</b>	NIL	NIL
<b>e Details of Shares held by each Shareholder holding more than 5%</b>		
<b>No. of Shares</b>		
Mr. Venkatesh Rajagopal	949,423	1,369,423
Mrs. Rama Rajagopal	1,240,586	1,240,586
M/s New Vernon Private Equity Limited	971,428	971,428
M/s EOS Multi Strategy Fund Limited	420,000	-
M/s Benett, Coleman and Company Limited	376,233	376,233
M/s Reliance Capital Limited	330,962	330,962
<b>% Holding</b>		
Mr. Venkatesh Rajagopal	16.7%	24.4%
Mrs. Rama Rajagopal	21.8%	22.1%
M/s New Vernon Private Equity Limited	17.1%	17.3%
M/s EOS Multi Strategy Fund Limited	7.4%	0.0%
M/s Benett, Coleman and Company Limited	6.6%	6.7%
M/s Reliance Capital Limited	5.8%	5.9%
<b>f Shares reserved for issuance</b>		
Employee Stock Options granted (Refer Note 30)	484,500	701,000
<b>g Shares allotted for consideration other than cash</b>	-	-
1) The Company was incorporated on 29th September 2009 with an Authorised Share Capital of ₹.50 lakhs (5,00,000 Shares of ₹.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,		



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
the following effects were given:		
a) Authorised Shared Capital increased to ₹.12,00,00,000 (1,20,00,000 shares of ₹.10 each)		
b) The Pre-demerger paid up share capital of ₹.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)		
<b>3 RESERVES AND SURPLUS</b>		
<b>a Capital Reserve</b>		
Opening Balance	8.01	8.01
Add: As computed in terms of the Scheme of Arrangement	-	-
Closing Balance	<b>8.01</b>	<b>8.01</b>
<b>b Share Premium</b>		
Opening Balance	0.24	-
Add: Additions During the Year	0.74	0.24
Closing Balance	<b>0.98</b>	<b>0.24</b>
<b>c Share Options Outstanding Account</b>		
Opening Balance	1.47	1.95
Add: Amounts recorded on grants/modifications/cancellations during the year	-	-
Less: Written back to Statement of Profit and Loss during the year	-	0.24
Less: Transferred to Securities premium account	0.74	0.24
Less: Deferred Stock compensation expense	-	0.43
Closing Balance	<b>0.73</b>	<b>1.04</b>
<b>d Surplus in Statement of Profit and Loss</b>		
Opening Balance	10.89	6.78
Add: Profit for the Year	9.88	4.11
Closing Balance	20.77	10.89
<b>Total</b>	<b>30.49</b>	<b>20.18</b>
<b>4 LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<b>(i) Term loans from Banks (note (a))</b>		
Clean Term loan	15.84	19.25
Funded Interest Term loan	-	1.49
	<b>15.84</b>	<b>20.74</b>
<b>(ii) Obligation under Hire-Purchase Agreements (note (b))</b>	0.44	-
<b>Total</b>	<b>16.28</b>	<b>20.74</b>
<b>(a) Details on Term loans - Bank wise, Repayments and Security</b>		
Term loans from State Bank of India	17.82	21.00
Term loans from HDFC Bank Limited	2.98	3.74
<b>Total Term loans</b>	<b>20.80</b>	<b>24.74</b>



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
Less: Classified under Short Term Borrowings	4.96	4.00
<b>Long Term Borrowings</b>	<b>15.84</b>	<b>20.74</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.		
<b>Collateral Securities:</b>		
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	Funded Interest Termloan
FY 2014-15	3.41	1.50
FY 2015-16	4.64	
FY 2016-17	4.65	
FY 2017-18	4.65	
FY 2018-19	1.90	
	19.25	1.50
(b) Obligation under hire-purchase is secured by underlying fixed assets. The obligations are repayable in monthly instalments upto year ending March 31, 2017. The interest rate is around 10.2%		
<b>5 DEFERRED TAX LIABILITIES</b>		
Deferred income taxes reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for earlier years.		
<b>Deffered Tax Liability</b>	-	<b>0.18</b>
Deferred Tax Asset on Unabsorbed Depreciation & Business Loss	-	(0.18)
The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of corresponding deferred tax liability on the difference between the book depreciation and depreciation as per Income Tax Act, 1961.		
In view of the accumulated losses and un absorbed depreciation apportioned to the Company as a consequence of it's demerger from Celebrity Fashion Limited, no provision for deferred tax has been made as a matter of prudence.		
<b>Deferred Tax Liability</b>	-	-





Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>6 OTHER LONG-TERM LIABILITIES</b>		
a Trade Payables	-	-
b Others:		
Trade / Security Deposits Received	5.06	3.49
<b>Total</b>	<b>5.06</b>	<b>3.49</b>

**7 SHORT-TERM BORROWINGS**

**a Loans Repayable on Demand from Banks**

Secured:

Working Capital Facilities from State Bank of India

35.04	36.26
<b>35.04</b>	<b>36.26</b>

The loans have been secured as under:

First Charge on Inventories in the form of Raw Materials, Stock In Process and Finished Goods, Receivables and other current assets of the Company both present and future for the loans in the form of Cash Credit extended by State Bank of India.

Loans from State Bank of India is further secured by Pledge of Promoters Shares in the Company to an extent of 15,29,290 Equity Shares, Personal Guarantee by Promoters and Assignment of Indian Terrain Brand.

<b>Total</b>	<b>35.04</b>	<b>36.26</b>
<b>8 TRADE PAYABLES</b>		
-- Acceptances	4.42	4.81
-- Other than Acceptances	11.86	9.70
-- MSME	-	-
-- Other Trade Payables	18.77	11.95
<b>Total</b>	<b>35.05</b>	<b>26.46</b>

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 2014 as Micro, Small or Medium Enterprises (MSME).

Consequently the amount payable to these enterprises during the year is ₹. NIL.

Other Trade Payables include ₹.9.20 crs payable to Company under Significant Influence or Control of Key Managerial Personnel as specified in Note 27 (d)(iii)

**9 OTHER CURRENT LIABILITIES**

**a Current Maturities of Long-Term Borrowings**

(i) Term loans from Banks

Clean Term loan

Funded Interest Term loan

3.47	1.79
1.49	2.21
4.96	4.00

(ii) Obligations under Hire Purchase

0.18	-
<b>5.14</b>	<b>4.00</b>



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>b Other Payables</b>		
Salaries and Wages Payable	0.70	0.50
Sales Tax / VAT Payable	0.41	0.19
Statutory Remittances - Payable	0.11	0.14
TDS Payable	0.44	0.43
Others	0.14	0.14
	1.80	1.40
<b>Total</b>	<b>6.94</b>	<b>5.40</b>
<b>10 SHORT-TERM PROVISIONS</b>		
<b>a Provision for Employee Benefits</b>		
Provision for Bonus	0.40	0.36
Provision for compensated absences / earned leave encashment	0.33	0.24
Provision for Gratuity (Refer Note 32)	0.04	(0.02)
	<b>0.77</b>	<b>0.58</b>
<b>b Provision - Others</b>		
Provision for Tax	5.34	2.72
	<b>5.34</b>	<b>2.72</b>
<b>Total</b>	<b>6.11</b>	<b>3.30</b>

**11 FIXED ASSETS**

**TANGIBLE ASSETS**

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/13	Additions	Deductions/ Adjustments	As on 31/03/14	As on 01/04/13	For the year	Deductions/ Adjustments	As on 31/03/14	As on 31/03/14	As on 31/03/13
1	Plant & Machinery	0.81	0.03	0.31	0.53	0.10	0.29	0.31	0.08	0.45	0.72
2	Electrical Installation	0.26	-	0.08	0.17	0.04	0.08	0.08	0.03	0.14	0.22
3	Office Equipments	0.23	0.04	0.07	0.20	0.03	0.07	0.07	0.03	0.17	0.20
4	Computers	0.41	0.15	0.24	0.32	0.15	0.16	0.24	0.07	0.25	0.27
5	Vehicles	0.65	1.12	0.32	1.45	0.18	0.13	0.19	0.13	1.32	0.46
6	Furniture & Fixtures	7.50	0.81	1.47	6.84	1.25	1.61	1.47	1.39	5.45	6.26
	<b>Total</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>
	<b>Previous Year</b>	<b>9.99</b>	<b>0.67</b>	<b>0.81</b>	<b>9.86</b>	<b>1.16</b>	<b>1.40</b>	<b>0.83</b>	<b>1.74</b>	<b>8.12</b>	<b>8.83</b>

**INTANGIBLE ASSETS**

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 01/04/13	Additions	Deductions/ Adjustments	As on 31/03/14	As on 01/04/13	For the year	Deductions/ Adjustments	As on 31/03/14	As on 31/03/14	As on 31/03/13
1	Computer Software	0.40	-	0.16	0.24	0.12	0.12	0.16	0.08	0.16	0.28
	<b>Total</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>
	<b>Previous Year</b>	<b>0.34</b>	<b>0.06</b>	<b>-</b>	<b>0.40</b>	<b>0.06</b>	<b>0.06</b>	<b>-</b>	<b>0.12</b>	<b>0.28</b>	<b>0.29</b>



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>12 LONG-TERM LOANS AND ADVANCES</b>		
a Deposits - Unsecured - Considered Good		
-- Rent	5.77	5.72
-- Government or Public Bodies	0.05	0.05
	5.82	5.77
b Advance Income Tax - Unsecured - Considered Good	2.71	1.78
	2.71	1.78
<b>Total</b>	<b>8.53</b>	<b>7.55</b>
<b>13 OTHER NON-CURRENT ASSETS</b>		
a Interest accrued on Fixed Deposits	0.14	0.12
b Tax deducted at Source	0.07	0.04
c Sales Tax Receivable	0.03	0.02
<b>Total</b>	<b>0.24</b>	<b>0.18</b>
<b>14 INVENTORIES</b>		
a Raw Materials	3.78	4.53
b Trims and Packing Materials	1.17	1.47
c Work-in-Progress	8.35	8.68
d Finished Goods - Manufactured / Bought-Out	29.78	17.67
<b>Total</b>	<b>43.08</b>	<b>32.35</b>
<b>15 TRADE RECEIVABLES</b>		
Unsecured - Considered Good		
a Outstanding for a period exceeding six months from the due date	5.88	7.25
b Other Trade Receivables	71.23	61.80
<b>Total</b>	<b>77.11</b>	<b>69.05</b>
<b>16 CASH AND BANK BALANCES</b>		
a Cash on hand	0.02	-
b Balances with Bank		
-- in Current Account	0.75	0.76
-- Fixed Deposit with Banks held as Margin Money against Borrowings / Guarantees	1.94	1.80
<b>Total</b>	<b>2.71</b>	<b>2.56</b>
Fixed deposits with banks comprises of restricted bank balances of ₹.1.94 crores (March 31, 2013 : ₹.1.80 crores ). The restrictions are primarily on account of fixed deposits held as margin money against Borrowings / Bank Guarantees.		
<b>17 SHORT-TERM LOANS AND ADVANCES</b>		
a Loans and advances to Employees - Unsecured - Considered Good	0.23	0.23
<b>Total</b>	<b>0.23</b>	<b>0.23</b>
<b>18 OTHER CURRENT ASSETS</b>		
Advances to Suppliers of Goods and Services	0.71	1.12
Prepaid Expenses	0.11	-
<b>Total</b>	<b>0.82</b>	<b>1.12</b>



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>19 REVENUE FROM OPERATIONS (GROSS)</b>		
a Sale of Products **		
-- Domestic	231.77	166.45
-- Exports	0.28	-
b Other Operating Revenues		
-- Duty Drawback	-	-
-- Net Gain / (Loss) on Foreign Currency Transactions (Other than considered in finance costs)	0.01	(0.08)
<b>Total</b>	<b>232.06</b>	<b>166.37</b>
** Sale of Bought-out Goods included above	45.30	31.41
<b>20 OTHER INCOME</b>		
a Interest Accrued / Received on Fixed Deposits	0.17	0.14
b Gain on Sale of Current Investments	0.11	0.42
<b>Total</b>	<b>0.28</b>	<b>0.56</b>
<b>21 COST OF MATERIALS</b>		
Opening Stock of Materials	6.00	3.56
Add:		
Purchases of Materials	72.54	50.93
Less: Closing Stock of Materials	4.95	6.00
<b>Total</b>	<b>73.59</b>	<b>48.49</b>
<b>PURCHASES OF FINISHED GOODS</b>		
Knitwear	20.53	9.69
Jackets	6.17	1.81
Denims	1.12	0.01
Others	0.11	-
<b>Total</b>	<b>27.93</b>	<b>11.51</b>
<b>CHANGE IN INVENTORIES OF FINISHED GOODS / WORK-IN-PROGRESS - (INC) / DEC</b>		
Closing Stock		
- Finished Goods - Manufactured / Bought-Out	29.78	17.68
- Work-in-Progress	8.35	8.68
Opening Stock		
- Finished Goods - Manufactured / Bought-Out	17.68	26.38
- Work-in-Progress	8.68	0.14
<b>Total</b>	<b>(11.77)</b>	<b>0.16</b>
<b>22 EMPLOYEE COSTS</b>		
Salaries and Wages	9.68	7.67
Statutory Contributions	0.64	0.51
Welfare Expenses	0.33	0.21
Expense on Employee Stock Option Scheme (Refer Note 30)	0.43	0.80
<b>Total</b>	<b>11.08</b>	<b>9.19</b>



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>23 OTHER EXPENSES</b>		
Subcontracting and Garment Processing Costs	28.66	16.51
Rent	9.46	8.11
Traveling & Conveyance	2.13	1.59
Communication Expenses	0.56	0.48
Consultancy Charges	0.72	1.03
Printing & Stationery	0.21	0.23
Insurance	0.13	0.14
Books, Periodicals & Subscriptions	0.15	0.05
Power & Fuel	0.11	0.07
Rates and Taxes	0.28	0.23
Vehicle Fuel & Repairs	0.04	0.06
Auditors' remuneration	0.07	0.07
Advertisement	10.20	6.20
Bad Debts written off	-	0.17
Selling Commission & Discounts	35.67	25.57
Selling Expenditure Reimbursement	6.19	2.83
Distribution Costs	5.35	4.03
Entertainment & Sales Promotion Expenses	4.28	2.13
Showroom Maintenance	1.06	1.16
Other Miscellaneous Expenses	1.06	0.98
Excise Duty Expenses	-	-
Remuneration to Directors	0.72	0.50
<b>Total</b>	<b>107.05</b>	<b>72.14</b>
<p>Auditors' Remuneration includes ₹.4.50 lakhs (PY-₹.4.50 lakhs) for Statutory Audit, ₹.0.70 lakhs (PY-₹.0.70 lakhs) for Tax Audit and ₹.1.05 lakhs (PY-₹.NIL) against Cost Audit                      An amount of ₹.42,135/- (PY - ₹.56,180/-) was paid to the Auditors towards Certification and Out-of-Pocket Expenses and the same is grouped under Consultancy Charges                      Directors Sitting Fee of ₹.1,18,000/- (PY - ₹.1,06,500/-) is grouped under Other Miscellaneous Expenses</p>		
<b>24 FINANCE COSTS</b>		
a Interest on		
-- Term loans	2.86	3.21
--Working Capital & Others	5.60	5.17
b Other Borrowing Costs - Bank Charges	1.04	0.91
c Net (Gain) / Loss on Foreign Currency Transactions (considered as Finance Costs)	-	0.25
<b>Total</b>	<b>9.50</b>	<b>9.54</b>



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>25 EARNINGS PER SHARE</b>		
<b>Earnings Per Share - In ₹.</b>		
-- Basic	17.45	7.36
-- Diluted	17.22	7.14
<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>9.88</b>	<b>4.11</b>
b Denominator		
Weighted Average Number of Equity Share Outstanding		
-- Basic	5,661,947	5,585,023
-- Diluted	5,736,114	5,758,079
<b>c Nominal Value of Share (In ₹.)</b>	<b>10.00</b>	<b>10.00</b>
<b>26 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	1.94	2.57
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	0.47
d The Banks have extended concessional rate of interest for the Credit facilities sanctioned to the Company for the period upto 31st March 2014. As per the terms of the Sanction letter, banks have the right of recompense in future for the sacrifice extended.		
<b>27 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		
<b>d Transactions carried out with Related Parties during the Year</b>		
Managerial Remuneration	0.72	0.50
Salaries	0.01	0.05
Consultancy Charges	0.07	



Notes to the Accounts as at 31st March 2014

Particulars	As at 31-Mar-14	As at 31-Mar-13
Jobwork Charges, Material Purchases and Rentals - Celebrity Fashions Limited	36.35	18.87
<b>e Outstanding Balances as on 31.03.14</b>		
i Payable as Managerial Remuneration	0.06	0.06
ii Salaries	-	0.01
iii Consultancy Charges	0.01	
iv Trade Payable against Jobwork Charges, Material Purchases and Rentals - Celebrity Fashions Limited	9.20	4.04
<b>28 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>29 EMPLOYEE BENEFIT PLAN - GRATUITY</b>		
<p>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.</p>		
<b>Amount Recognised in the Balance Sheet in respect of gratuity</b>		
Present Value of Defined Benefit Obligation at the end of the Year	0.35	0.28
Fair Value of Plan Assets at the end of the Year	0.31	0.30
<b>Net Liability / (Asset)</b>	<b>0.04</b>	<b>(0.02)</b>
<b>Amount Recognised in Statement of Profit and Loss in respect of gratuity</b>		
Current Service Cost	0.09	0.08
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	(0.04)	0.02
<b>Net Gratuity Cost</b>	<b>0.06</b>	<b>0.09</b>
<b>Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	0.02	0.02
Actuarial Gain / (Loss) on Plan Assets	0.00	-
<b>Actual Return on Plan Assets</b>	<b>0.03</b>	<b>0.02</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Opening Defined Benefit Obligation	0.28	0.22
Current Service Cost	0.09	0.08
Interest Cost	0.02	0.02
Actuarial (Gain) / Loss	(0.03)	0.02
Benefits Paid	(0.02)	(0.05)
<b>Closing Defined Benefit Obligation</b>	<b>0.35</b>	<b>0.28</b>
Opening Fair Value of Plan Assets	0.30	0.22
Expected Return on Plan Assets	0.02	0.02
Actuarial Gain / (Loss)	0.00	-
Employer Contributions	-	0.12
Benefits Paid	(0.02)	(0.05)



Notes to the Accounts as at 31st March 2014

₹. In Crores

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>Closing Fair Value of Plan Assets</b>	<b>0.31</b>	<b>0.30</b>
<b>Closing balances of Defined Benefit Obligation</b>		
Defined Benefit Obligation at the beginning of the Year	0.28	0.22
Interest Cost	0.02	0.02
Current Service Cost	0.09	0.08
Benefit Paid	(0.02)	(0.05)
Actuarial (gain) / loss on obligations	(0.03)	0.02
Liability at the end of the Year	0.35	0.28
<b>Closing balances of Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the Year	0.30	0.22
Expected Return on Plan Assets	0.02	0.02
Employer Contributions	-	0.12
Benefits Paid	(0.02)	(0.05)
Actuarial gain/(loss) on Plan Assets	0.00	-
Fair Value of Plan Assets at the end of the Year	0.31	0.30
Actual Return on plan assets	0.03	0.02
<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	9.2%	8.0%
Estimated Rate of Return on Plan Assets	8.0%	8.0%
The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
30	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.	
<b>31 EMPLOYEE STOCK OPTION SCHEME DETAILS (ESOP)</b>		
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.		
<b>ESOP Details as on the date of the Balance Sheet</b>		
Options Outstanding at the beginning of the Year	701,000	1,060,000
Granted during the Year	-	-
Vested during the Year	82,500	110,000
Exercised during the Year	82,500	27,500
Cancelled during the Year	134,000	331,500
<b>Options Outstanding at the end of the Year</b>	<b>484,500</b>	<b>701,000</b>





Notes to the Accounts as at 31st March 2014

Particulars	As at 31-Mar-14	As at 31-Mar-13
<b>32 OTHERS</b>		
<b>a Aggregate Expenses</b>		
Electricity Expenses included under Power and Fuel	0.09	0.05
<b>b Earnings in Foreign Currency</b>		
Export of Goods - FOB Value	0.28	-
<b>c Expenditure in Foreign Currency</b>		
Traveling expenses	0.39	0.23
Software Expenses	0.10	
<b>d Value of Imports</b>		
Rawmaterials	0.12	0.17
Capital Goods	-	-
<b>e Imported and Indegenious Consumption of Rawmaterials Imported</b>		
-- ₹. In Crores	0.10	0.17
-- % to Total	0.1%	0.3%
Indigenous		
-- ₹. In Crores	101.42	59.83
-- % to Total	99.9%	99.7%

**33 OTHER DISCLOSURES**

Previous year figures have been regrouped, reworked and reclassified wherever necessary to conform to current year classification.

To be read with our report of even date

For Anil Nair & Associates  
Chartered Accountants  
ICAI Firm Registration No. 000175S

G.Anil  
Partner  
Membership No. 22450

Dated : 20 May 2014  
Place : Chennai

For CNGSN & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004915S

C.N.Gangadaran  
Partner  
Membership No. 11205

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

Rama Rajagopal  
Director

J. Manikandan  
Company Secretary



Cashflow Statement for the year ending 31st March 2014

₹. In Crores

Sl. No.	Particulars	2013-14	2012-13
<b>A</b>	<b>Cashflow from Operating Activities</b>		
	<b>Net Profit before Tax and before Extra-Ordinary Items</b>	12.50	4.79
	Adjustments for:		
	Depreciation for the Year	2.46	1.47
	Depreciation for Sale of Assets	(2.53)	(0.83)
	Deferred Employee Compensation Expenses	0.43	0.80
	Unrealised (Gain) / Loss on Exchange Differences	(0.25)	(0.03)
	Interest & Finance Charges paid	9.75	9.57
	Interest Income	(0.17)	(0.14)
		9.70	10.84
	<b>Operating Profit before Working Capital Changes</b>	<b>22.19</b>	<b>15.63</b>
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	(7.82)	(6.40)
	Decrease / (Increase) in inventories	(10.73)	0.06
	Increase / (Decrease) in creditors and other payables	11.18	(2.64)
		(7.37)	(8.97)
	<b>Cash generated from Operations</b>	<b>14.83</b>	<b>6.65</b>
	Income Taxes Refund / (Paid) (net)	(0.97)	(0.50)
	<b>Net Cash from Operating Activities</b>	<b>13.86</b>	<b>6.15</b>
<b>B</b>	<b>Cashflow from Investing Activities</b>		
	(Purchase) / Sale of Fixed Assets (net)	0.52	0.08
	Interest Received	0.17	0.14
		0.69	0.22
	<b>Net Cash (Used In) / from Investing Activities</b>	<b>0.69</b>	<b>0.22</b>
<b>C</b>	<b>Cashflow from Financing Activities</b>		
	Share Capital	0.08	0.03
	Short Term Borrowings	(1.22)	3.86
	Long Term Borrowings (Net)	(3.50)	(4.01)
	Interest and Finance Charges paid	(9.75)	(9.57)
		(14.39)	(9.69)
	<b>Net Cash (Used In) / from Financing Activities</b>	<b>(14.39)</b>	<b>(9.69)</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>0.15</b>	<b>(3.32)</b>
	Cash and Cash Equivalents (Opening Balance)	2.56	5.88
	<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>2.71</b>	<b>2.56</b>

Note:

- 1 The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3
  - 2 Cash and Cash equivalents represents
    - Cash balances
    - Bank balances
    - Deposits held as Margin Money against Borrowings / Guarantees (Refer Note 16)
- To be read with our report of even date

For Anil Nair & Associates  
Chartered Accountants  
ICAI Firm Registration No. 000175S

For CNGSN & Associates  
Chartered Accountants  
ICAI Firm Registration No. 004915S

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

G.Anil  
Partner  
Membership No. 22450

C.N.Gangadaran  
Partner  
Membership No. 11205

Rama Rajagopal  
Director

Dated : 20 May 2014  
Place : Chennai

J. Manikandan  
Company Secretary



**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.+91-44-2262 2897; Website: www.indianterrain.com

**ATTENDANCE SLIP**

Regd Folio No. /DP/ Client ID

No. of Shares held

I hereby record my presence at the FIFTH 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 11.00 A.M. on Monday, the 29th day of September 2014.

.....  
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 Fifth Annual General Meeting of the Company to be held on Monday, the 29th day of September 2014 at 11.00 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..... 2014.

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.

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 2262 2897