

INDIAN TERRAIN FASHIONS LIMITED



4th
ANNUAL REPORT 2012-2013

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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 Narsimhan, Chief Executive Officer
Mr. Amitabh Suri, Chief Operating Officer
Ms.Shehnaz Sharraf, General Manager, Merchandising

Mr. Selin Reubalin CC, Vice President - Operations (Group)
Mr. A.M. Gopinath, General Manager - Commercial (Group)
Ms.L.Visalakshi, General Manager-Finance & Accounts (Group)
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 4th Annual General Meeting of Indian Terrain Fashions Limited will be held on 23rd September the Monday, 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 audited Profit and Loss account for the year ended 31st March, 2013 and the Balance Sheet as on that date together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.N.K.Ranganath, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr.P.S.Raman, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration, and in this regard, to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT the retiring Auditors, M/s Anil Nair & Associates, Chartered Accountants, Chennai and M/s. CNGSN & Associates, Chartered Accountants, Chennai be and are hereby appointed as Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors”.

SPECIAL BUSINESS

5. 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 in modification of Resolution No. 9 passed at the Annual General Meeting of the Company held on September 30, 2011 towards appointment and remuneration of Mr. V.Rajagopal, Chairman and Managing Director of the Company and pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), as amended or re-enacted from time to time, read with Schedule XIII of the Act, approval of members, be and is hereby accorded for the revision of maximum amount of salary of Mr.V.Rajagopal, Chairman and Managing Director of the Company with effect from March 1, 2013

for the remaining period of the tenure of his appointment i.e. up to September 30,2015 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, 1956 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”.

6. Revision in terms of Remuneration to Mrs. Rama Rajagopal:

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

“RESOLVED that in modification of Resolution No. 1 passed at the Extra Ordinary General Meeting of the Company held on October 9, 2010 towards appointment and remuneration of Mrs. Rama Rajagopal, Executive Director of the Company and pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), as amended or re-enacted from time to time, read with Schedule XIII of the Act, 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 March 1, 2013 for the remaining period of the tenure of her appointment i.e. up to September 30,2013 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, 1956 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”.



7. Re-appointment of Mrs. Rama Rajagopal as Executive Director of the Company:

To consider and if thought fit to pass with or without modification the following Resolution as Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), as amended or re-enacted from time to time, read with Schedule XIII to the Act, the Company hereby approves the re-appointment and terms of remuneration of Mrs. Rama Rajagopal Executive Director of the Company for the period of three years effecting from October 1, 2013 up to September 30, 2016 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized 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 authorized in accordance with the provisions of the Companies Act, 1956 for the time being in force and any statutory modifications or reenactment 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”.

Date: 09th August, 2013

Place: Chennai

for and On behalf of the Board
J.Manikandan
Company Secretary

NOTES

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (“Act”) in respect of the business under Item Nos. 5 to 7 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment as Directors under Item Nos. 2 and 3 of the Notice, are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective must be received at the company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of Companies, Societies and Partnership firms etc must be supported by appropriate resolution/authority as applicable issued on behalf of the nominating organization.

3. The Register of members and transfer books of the Company will be closed from Monday, the 16th September 2013 to Monday the 23rd September 2013 (both days inclusive).
4. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Link Intime India Pvt Ltd to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Link Intime India Pvt Ltd.
5. Members are requested to produce the Attendance Slip, sent along with the Annual Report, duly signed as per the specimen signature recorded with the company for admission to the Meeting.
6. The Company has implemented the 'Green Initiative' as per Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/ documents and annual reports to shareholders and effected electronic delivery of Notice of Annual General Meeting (AGM) and Annual Reports .soft copies of full annual reports to all those shareholders who have registered their email addresses for the purpose.

ANNEXURE TO THE NOTICE CONVENING THE ANNUAL GENERAL MEETING

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

Mr.N.K.Ranganath

Profile and expertise in specific functional areas

Born on 13th March 1956, Mr.N.K.Ranganath is a Mechanical Engineer and holds a post graduate degree in Business Management from XLRI.

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

He was inducted as a director by the Board on 20th September 2010.

Mr. P.S.Raman

Profile and expertise in specific functional areas

Born on 7th November 1960, Mr.P.S.Raman holds bachelor degree in Commerce and Law. He is an advocate with more than twenty years of practice in Madras High Court and in the Supreme Court.

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



Mr. P.S.Raman is also a Director in Sundaram Brake Linings Limited.

He was inducted as a director by the Board on 20th September 2010.

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

As required by Section 173 of the Companies Act, 1956 ("Act") the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5-7 of the accompanying Notice:

Item No. 5:

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, 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 XIII of the Companies Act, 1956 (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 Nos. 5 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 director is interested or concerned in the passing of the resolutions.

This may be treated as abstract of the terms of appointment and remuneration pursuant to section 302 of the act.

Item No.6:

At the Extra Ordinary General Meeting of the Company held on October 9, 2010, the Members had approved the appointment in terms of remuneration of Mrs. Rama Rajagopal, Executive 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 Mrs. Rama Rajagopal, the Board has revised the maximum

limit of salary of Mrs. Rama Rajagopal from 2,00,000 p.m. to 3,00,000 p.m., with effect from March 1, 2013, for the remainder of the tenure of his appointment i.e. up to September 30, 2013, 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 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 XIII of the Companies Act, 1956 (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. 6 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 director is interested or concerned in the passing of the resolutions.

This may be treated as abstract of the terms of appointment and remuneration pursuant to section 302 of the act.

Item No.7:

The Board had re-appointed Mrs.Rama Rajagopal, as Executive Director

The Board of Directors of the Company at their meeting held on 9th August, 2013 has re-appointed Mrs.Rama Rajagopal as Executive Director of the Company for a period of three years effective from 1st October, 2013 to 30th September, 2016. The terms of the appointment and remuneration details are given below:

This may be treated as abstract of the terms of appointment and remuneration pursuant to section 302 of the act.

i) Tenure

For a period of 3 years with effect from 1st October, 2013 to 30th September, 2016

ii) Salary

Basic salary Rs.3,00,000/- per month.

iii) Medical Benefits

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

iv) Telephone

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

v) Automobile

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

vi) Reimbursement of expenses

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

vii) Sitting Fees

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



Since the proposed remuneration package is governed under Section II (1) (B) of Part II of Schedule XIII to the Companies Act, 1956, the following additional information as required in clause (IV) of the proviso under Section II (1) (B) of the said schedule is furnished.

I. General Information	
(1) Name of the industry	: Textiles
(2) Date of commencement of business	: Incorporated on 29.09.2009
(3) Financial Performance	: Refer Annual Report

II. Information about the appointee:

Background Details

Mrs. Rama Rajagopal aged 56, a Post Graduate in Economics from University of Bangalore. She was inducted into the Board of Celebrity Fashions in January 1994. She has been the member of the Board of Celebrity Fashions Ltd for the past 19 years. She has been involved in the various functions of the Management and more particularly on financial aspects. She took over as Executive Director of "Indian Terrain" a domestic division of Celebrity Fashions Ltd since the inception, and has built up the domestic division to its present stage.

Job Profile

Mrs. Rama Rajagopal shall have the overall responsibility of managing the affairs of the Company, subject to the supervision and control of the Board of Directors.

Her suitability & Comparative Profile : Her rich experience for the last 19 years on the Board of Celebrity Fashions Limited and Indian Terrain Fashions Limited. This makes her ideally suitable to the current position in Indian Terrain Fashions Limited.

Remuneration proposed : Rs.3,00,000/- per month

Pecuniary relationship with the company or relationship with the managerial personnel.

Mrs. Rama Rajagopal is a spouse of Mr. V. Rajagopal, Managing Director of the company.

The proposed remuneration of Mrs. Rama Rajagopal as Executive Director is subject to the approval of the shareholders by way of special resolution at the Annual General Meeting of the Company.

Mrs. Rama Rajagopal and Mr. V. Rajagopal are concerned or interested in the aforesaid appointment and proposed remuneration to Mrs. Rama Rajagopal as Executive Director.

Date : 09th August, 2013

Place : Chennai

For and on behalf of the Board
J Manikandan
Company Secretary

Directors Report

Dear Members,

The directors have pleasure in presenting the 4th Annual Report together with the audited accounts of your Company for the year ending 31st March 2013.

Financial Performance

Your Company has recorded net revenues of Rs.157 crs (11% growth) for the year ended 31st March 2013 as compared to Rs.141 crs during the previous year. Profit before Interest, Depreciation and Tax was at Rs.15.77 crs as against Rs.13.05 crs during the previous year. Profit before Tax stood at Rs.4.79 crs as compared to Rs.2.34 crs in the previous year and Net Profit after Tax was at Rs.4.11 crs as against a net profit of Rs.1.77 crs last year.

The financial year under review has been a very interesting one with the brand truly establishing itself during the course of the year and becoming a brand of choice. There have been good improvements in the operating parameters of the Company which has resulted in incremental EBITDA margins. With the excise duty on branded apparel garments made optional from 1st March 2013, the brand is expecting a further boost on the operating performance.

The Indian retail story looks quite strong with India's rapidly growing consuming class, particularly the consumption of middle-class which is witnessing a secular growth. The brand is all set for good growth over the next 2-3 years and will reach newer heights with continued thrust on product and expansion. The established presence in Metros and Tier-I cities and the continued penetration into Tier-II and Tier-III cities will fuel its growth trajectory.

Your Company will hit on every opportunity yet in a cautious manner.

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.0.96 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.

Corporate Governance Report

Your Company is in compliance with the standards set out by Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate report on Corporate Governance along with Auditors' Certificate on compliance with Corporate Governance is enclosed in the Annual Report and forms 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.



Share Capital

During the year, the Company pursuant to Employee Stock Option Plan 2011 has allotted 27,500 equity shares on conversion of options exercised by the employees. Consequently, the Share Capital has increased by Rs.2.75 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

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

Auditors

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

Cost Auditor

Your Company has appointed M/s Rafi & Associates, Cost Accountants, Chennai as Cost Auditor of your Company for the financial year 2013-14.

Personnel

Employee relations have been very cordial during the year ended 31st March 2013. 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 2013, 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) NIL

Total Foreign exchange outgo Rs.0.23 crs

Appreciation

The Directors are sincerely thankful to the esteemed Shareholders, Customers, Banks, Suppliers, Government Departments, other Business Partners and to all its employees for the whole hearted support provided by them to the Company and its Management.

Date : 3rd May, 2013
Place : Chennai

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



Annexure to Director's Report

Employee Stock Option	
During the Financial Year 2011-12 the company has formulated an Employee Stock Option Scheme in accordance with the provision of (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999	
Particulars	ESOP-2011
Options Granted	1116000 options
The Pricing Formula	Growth options - 886000 options @ Rs.99 per options; Thank You options-230000 options at Rs.10/- each
Options Vested	110000 options
Options Exercised	27500
Total number of shares arising as result of exercise of options	11,16,000 Equity Shares
Options Cancelled / Lapsed	3,87,500 options
Variation of terms of Options	Growth Options: Subject to continued employment with the Company and fulfilment of performance parameters determined by Compensation Committee. Thank You Option: Subject to continued employment with the Company
Money realised by exercise of options	2,75,000/-
Total number of options in force	7,01,000 options
Employee wise details of options granted to	
a. Senior Managerial Personnel	11,16,000 options (detailed below)
b. Employees receiving 5% or more of the total number of options granted during the year	11,16,000 options (detailed below)
c. Identified employees who were granted option during anyone year equal to or exceeding 1% of the issued capital of the Company at the time of grant	Mr.Charath 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.7.14

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%
Total	1116000	886000	230000	20%

*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.

*78000 Growth options granted to Mr. Charath Narsimhan stands lapsed due to performance parameter.

*56000 Growth options granted to Mr.Amitabh Suri stands lapsed due to performance parameter.

Employees receiving in excess of 5% under ESOP

Employee Name	Total Options	Growth Options	Thank you Options	% in Total
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%
Total	1116000	886000	230000	100%

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 2012-13, the Board consists of Seven Directors. Mr.V.Rajagopal is the Chairman and Managing Director and Mrs. Rama Rajagopal, Executive Director and Mr. Surya Narayanan, Director and four non executive Independent Directors, Mr.P.S.Raman, Mr.N.K.Ranganath and Mr. Harsh Bahadur, Mr. Manoj Mohanka. During the year Mr. S.Surya Narayanan resigned as Director at the close of office hours dated 11th February 2013. 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 2012-13, the Board met 4 times on 15th May 2012, 09th August 2012, 9th November 2012, and 11th February 2013.

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 2013 are as follows:

Name of the Director	Category	Attendance at the Board Meetings	Attendance at the Last AGM	Number of other Directorships held**	Other Committee Membership ***	
					Member	Chairman
Mr. V. Rajagopal Chairman and Managing Director	Executive / Promoter	4/4	Yes	2	2	-
Mrs.Rama Rajagopal Executive Director	Executive / Promoter	1/4	Yes	2	-	-
Mr.S.Surya Narayanan Director	Executive	3/4	Yes	3	2	-
Mr.P.S.Raman Director	Independent Non Executive	0/4	No	1	2	-
Mr.N.K.Ranganath Director	Independent Non Executive	4/4	No	3	-	3
Mr. Harsh Bahadur Director	Independent Non Executive	2/4	No	-	2	-
Mr. Manoj Mohanka Director	Independent Non Executive	3/4	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 15th May 2012, 09th August 2012, 9th November 2012, and 11th February 2013 during the financial year ended 31st March 2013, where in all the committee members were present except Mr. Mr. Harsh Bahadur was not present for the meeting dated 15th May 2012 and 9th November 2012.

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 2013, the Remuneration and Compensation Committee met once on 11th February 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 2012-13, 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	47,500
Mr. P.S.Raman	Nil
Mr. Harsh Bahadur	24,500
Mr. Manoj Mohanka	34,500

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	25.00	Nil	25.00
Mrs.Rama Rajagopal	25.00	Nil	25.00

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. S.Surya Narayanan, Director had exercised 27500 stock options out of 55,000 stock options granted to him under Thank you options. On 11th February 2013, the Company had allotted the aforesaid 27500 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 2013 and there was no meeting held by the Committee.

Name designation & Address of Compliance officer

J. Manikandan

Company Secretary & Compliance officer
Indian Terrain Fashions Limited
SDF-IV & C2, 3rd Main Road,
MEPZ-SEZ,Tambaram,Chennai - 600045.

Mr.J.Manikandan Company Secretary was appointed as Compliance Officer by the Board of Directors at their meeting held on 09th October, 2010 pursuant to Clause 47(a) of the Listing Agreement.

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
2011-12	Monday, 17 th September 2012	10.30.A.M	Corporate Office, SDF- IV & C 2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2010-11	Friday,30 th September 2011	11.00. A.M	Corporate Office, SDF- IV & C 2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.
2009 – 10	Saturday, 18 th September 2010	11.00 A.M	Corporate Office, SDF- IV & C 2,3 rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.