

# **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](mailto: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](http://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>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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> <p>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.</p>
DOB	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
Dividend Bank Details	<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](http://www.indianterrain.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE & NSE Limited.
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 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

For and on behalf of the Board

Place : Chennai

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 2012-13
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 fulfillment 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