

INDIAN TERRAIN FASHIONS LIMITED



6th
ANNUAL REPORT 2014 - 2015



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Board of Directors

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

Company Secretary

Mr. J. Manikandan

Chief Executive Officer

Mr. Charath Ram Narsimhan

Chief Operating Officer

Mr. Amitabh Suri

Chief Financial Officer

Mr. M. Thiagarajan

Registered Office:

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

Corporate Office:

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

Statutory Auditors

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

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

Internal Auditors

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

Banker

State Bank of India Overseas Branch, Chennai - 600 001

Warehouse

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



NOTICE CONVENING THE ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

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

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

SPECIAL BUSINESS:

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

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

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

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

Date : 11th August 2015

Place : Chennai

For and on behalf of the Board

J. Manikandan

Company Secretary

NOTES:

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

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

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

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

Mrs.Rama Rajagopal

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



11. IMPORTANT SHAREHOLDER COMMUNICATION:

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

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

12. E-Voting:

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

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

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

- The voting period begins on 22nd September, 2015 at 9.00 A.M. and ends on 24th September, 2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 18th September 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by shareholder, the shareholder shall not be allowed to change it subsequently.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The facility for voting, through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through polling paper in the Annual General Meeting.
- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on Shareholders.
- Now Enter your User ID

- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<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"> 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. 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.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both 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)

- After entering these details appropriately, click on "SUBMIT" tab.
- 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
 Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.

 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 and on approval of the accounts they would be able to cast their vote.

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

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

Date : 11th August 2015
Place : Chennai

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

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

Item No.4

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

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

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

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

Date : 11th August 2015
Place : Chennai

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

DIRECTORS REPORT

Dear Members,

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

Industry and Business Performance

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

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

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



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

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

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

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

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

Rs. in Crores

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

Raise of Capital through Qualified Institutional Placement

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

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

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

Dividend

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

Finance and Accounts

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

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

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

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

Cash flow Statement

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

Related Party Transactions

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

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

Corporate Governance Report

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

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

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

Management's Discussion and Analysis Report

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

Compliance with Code of Conduct

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



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

Corporate Social Responsibility (CSR)

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

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

Establishment of Vigil Mechanism

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

Employee Stock Option Plan (ESOP)

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

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

Directors

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

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

Extract of Annual Return

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

Meeting of Board

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

Key Managerial Personnel

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

Remuneration Policy

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

Particulars of Loan, Guarantees or Investments

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

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

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

Board Evaluation

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

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

Change in nature of business, if any: Nil

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

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

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

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

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

The Company was not in receipt of any orders from the regulator / courts / tribunals impacting the going concern status of future operation of the Company. The Company was in receipt of the notice / order from statutory authorities during the year for claims not acknowledged by the company as debts. The details of the same have been provided in Note 27 of the financial statements.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman & Managing Director. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board

BUSINESS RISK MANAGEMENT:

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

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

Familiarisation Programme for Independent Director:

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



Auditors

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

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

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

Cost Auditor

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

Secretarial Auditor

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

Listing Fee

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

Personnel

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

Policy on Prevention of Sexual Harassment of Woman at Workplace:

Your Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment and Non-discrimination at Work Place in line with the requirements of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at workplace.

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

Directors Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed with explanation related to material departures if any.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

Conservation of Energy / Technology Absorption / Foreign Exchange

i. Conservation of Energy:

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

ii. Technology absorption:

Not applicable.

iii. Foreign Exchange Earning and Outgo:

Total Foreign exchange earned (FOB Value)	Rs.0.69 crs
Total Foreign exchange outgo	Rs.6.17 crs

Appreciation

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

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

For and on Behalf of the Board

V. Rajagopal

Chennai, 21st May 2015

Chairman & Managing Director

ANNEXURE - I TO DIRECTORS REPORT

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

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

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



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

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

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

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

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

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

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

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

*Remuneration include salary earned during the financial year

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

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

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

- h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration is 22.2% for employees other than Managerial Personnel & 2.7% for Managerial Personnel (KMP)

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

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

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

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

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

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

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



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

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

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

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

Sl. No	Particulars	Details
1	Name (s) of the related party & nature of relationship	NIL
2	Nature of contracts/ arrangements/transaction	
3	Duration of the contracts/ arrangements/transaction	
4	Salient terms of the contracts or arrangements or transaction including the value, if any	
5	Justification for entering into such contracts or arrangements or transactions'	
6	Date of approval by the Board	
7	Amount paid as advances, if any	
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

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

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

Annexure - III to Directors Report

Employee Stock Option

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

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