

# **INDIAN TERRAIN FASHIONS LIMITED**



**7<sup>th</sup>  
ANNUAL REPORT 2015 - 2016**



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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.

### Route Map to the AGM Venue

**Venue: SDF - IV & C 2, THIRD MAIN ROAD, MEPZ – SEZ, CHENNAI-600045**





## NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventh Annual General Meeting of Indian Terrain Fashions Limited will be held on Friday, September 30, 2016 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, 2016 including audited Balance Sheet as at 31st March, 2016 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 and 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 2017, and to authorize the Board of Directors to fix their remuneration and to pass the following as on Ordinary Resolution thereof.

"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, 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 2017, 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 Mrs. Rama Rajagopal as Executive Director of the Company.

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

"RESOLVED THAT in accordance with the provisions of Sections 196 and 197 and all other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the members of the Company be and is hereby accorded for the re-appointment of Mrs. Rama Rajagopal (DIN: 00003565) as Executive Director of the Company for a period of 3 years w.e.f. 1st October, 2016 on the remuneration and other terms and conditions as set out below, with liberty to the Board of Directors (hereinafter referred to as "the Board") to alter and vary the terms and conditions including remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197 of the Companies Act, 2013;

RESOLVED FURTHER THAT in the case of absence or inadequacy of profits in any financial year during the tenure of office of Mrs. Rama Rajagopal Director, total remuneration payable to her by way of salary, perquisites and other benefits shall be within the limits as specified under Section II of Part II of

Schedule V of the Companies Act, 2013 (including any statutory modification(s) or reenactment(s) thereof for the time being in force).

RESOLVED FURTHER THAT Mrs. Rama Rajagopal, Director shall be liable to retire by rotation;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Date : 1st August 2016

Place : Chennai

For and on behalf of the Board

**J. Manikandan**

Company Secretary

### NOTES:

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business as set out in the Notice is annexed hereto and forms part of this Notice.
  2. 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.
- Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. 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.
  4. 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.
  5. The Register of Members and the Share Transfer books of the Company will remain closed from 24th September 2016 to 30th September 2016. (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 intime 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 Regulation 44 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015 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 S.No. 13. The cut off date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be 23rd September 2016.
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 Regulation 36 (3) SEBI (Listing obligations and disclosure requirements) Regulations, 2015 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.
11. A Route map showing directions to reach the venue of the 7th Annual General Meeting is given along with this notice as per the requirement of the Secretarial Standards-2 on "General Meetings"

## 12. 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 2015-16, 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 2015-16 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 the financial year 2015-16 is being sent in the permitted mode.

Electronic copy of the Notice of the 7th 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 7th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

## 13. 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 Regulation 44 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th September, 2016 at 9.00 A.M. and ends on 29th September, 2016 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 23rd September 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The facility for voting, through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through polling paper in the Annual General Meeting.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://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"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters.Eg.If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>



Dividend Bank Details OR Date of Birth (DOB)	<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"> <li>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)</li> </ul>
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- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) 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.
- (xxi) 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).
  - (xxii) 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 23rd September 2016.
  - (xxiii) Mr S. Bhaskar, Practising Company Secretary, Partner BP & Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - (xxiv) 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.
  - (xxv) The Results shall be declared by the Chairman or by any person authorized by him in this regard on or before 1st October 2016. The result along with the Scrutinizer's report shall be placed on the Company's website [www.indianterrain.com](http://www.indianterrain.com) and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to BSE & NSE Limited. The resolution, if approved will be taken as passed effectively on the date of declaration of the result, explained as above.
  - (xxvi) All documents referred to in the accompanying Notice shall be open for inspection at the Corporate Office of the Company during normal business hours (9.30 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 : 1st August 2016  
Place : Chennai

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

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEM NO. 4 OF THE NOTICE:

### Item No. 4

At the Annual General Meeting of the Company held on 23rd September 2013, the tenure of Mrs. Rama Rajagopal was fixed from 1st October, 2013 to 30th September, 2016.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed



Mrs. Rama Rajagopal, Executive Director for a further period of 3 years w.e.f. 1st October, 2016 to 30th September, 2019, subject to the approval of members of the Company.

The Company has received from him:

- consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014
- Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under sub-section (2) of Section 164 of the Act.

The Board of Directors recommends the Ordinary resolution for approval of the Members.

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

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mrs. Rama Rajagopal and Mr. Venkatesh Rajagopal and their relatives is concerned or interested, financially or otherwise, in the said resolution.

The terms of the appointment and remuneration details are given below:

This may be treated as abstract of the terms of appointment and remuneration pursuant to section 190 of the Companies Act 2013.

#### i) Tenure

For a period of 3 years with effect from 1st October, 2016 to 30th September, 2019

#### ii) Salary

Basic salary Rs.3,50,000/- per month.

#### iii) Medical Benefits

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

#### iv) Telephone

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

#### v) Automobile

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

#### vi) Reimbursement of expenses

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

#### vii) Sitting Fees

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

#### Details of Director seeking appointment and re-appointment at the Annual General Meeting

Pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS – 2 (ICSI)

Name of the Director	Mrs. Rama Rajagopal
DIN	00003565
Age	60 Years
Nationality	Indian
Date of Appointment on the Board	29 September 2009
Expertise in Specific Functional Areas	General Management & Administration
Qualifications	Post Graduate degree in economics from University of Bangalore
Inter-se Relationship between Directors and Key Managerial Personnel	Spouse of Mr. Venkatesh Rajagopal.
List of directorships held in other Companies	Celebrity Fashions Limited
Number of shares held in the Company	6202930 (16.90%)
Chairperson/Member in the Committees of the Boards of companies in which he/she is a Director	<b>Celebrity Fashions Limited</b> • Corporate Social Responsibility committee-Member

## DIRECTORS REPORT

Dear Members,

The directors have immense pleasure in presenting the 7th Annual Report together with the audited accounts of the Company for the year ending 31st March 2016.

### Financial Highlights

Rs. in Crores

	FY 2015-16	FY 2014-15
Revenue From operations	325.01	290.41
Gross Profit / (Loss) before interest and depreciation	46.23	34.30
Interest	6.94	8.63
Profit / (Loss) before depreciation and tax	39.29	25.67
Depreciation	2.31	2.92
Profit / (Loss) before tax	36.98	22.75
Provision for Taxation	3.96	4.77
Profit / (Loss) after tax	33.02	17.98
Balance brought forward from previous year	38.07	20.77
Less: Value of LTO assets Written off	-	0.67
Balance carried to Balance Sheet	71.09	38.07



## Company's Performance

Revenue from Operations for FY 2015-16 at Rs.325.01 crs was higher by 11.91% over last year (Rs.290.41 crs in FY 2014-15). Operational Earnings before Interest, Tax and Depreciation (Operational EBITDA) was Rs.41.09 crs registering a growth of 22.6% over Operational EBITDA of Rs.33.52 crs in FY 2014-15. Profit after Tax (PAT) for the year was Rs.33.02 crs recording a growth of 83.6% over the PAT of Rs.17.98 crs of FY 2014-15.

## Changes to Share Capital

The Board of Directors at its meeting held on 23rd October, 2015 approved a proposal to sub-divide the face value of equity shares of the Company from Rs.10 per Share to Rs.2 per Share. The Company received shareholders' approval through postal ballot for sub-division of shares on 7th December, 2015.

The record date fixed for sub-division was 22nd December, 2015 and the sub-division became effective from 22nd December, 2015. Shareholders with equity shares of Rs.10 each of the Company in electronic form received direct credit of the sub-divided shares of Rs.2 each of the Company to their depository account. The Company issued a new composite share certificate of Rs.2 each in place of the old share certificate, for shareholders holding shares in physical form.

During the year, the Company pursuant to Employee Stock Option Plan 2011 has allotted 7,80,000 equity shares of Rs.2 each on conversion of options exercised by the employees. Pursuant to the same, the Company's Share Capital increased by Rs.15.60 lakhs and the Securities Premium Account increased by Rs.138.84 lakhs. The Share Capital of the Company as on 31st March 2016 is as below:

Authorised Share Capital – 6,00,00,000 Equity Shares of Rs.2 each – Rs.12.00 crs

Issued, Subscribed and Paid-up Equity Share Capital – 3,67,11,300 Equity Shares of Rs.2 each – Rs.7.34 crs

## Dividend

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

## Transfer to Reserves

The Company transferred Rs.33.02 crs to Reserves and Surplus account for the year ended 31st March 2016.

## Finance and Accounts

The Company had a portion of Accumulated losses and unabsorbed depreciation transferred pursuant to Demerger and was not liable to Current Tax upto 31st March 2015. The Company did not recognise the MAT Credit Entitlement as an asset as a matter of prudence and was charging the Minimum Alternate Tax to Profit and Loss Account upto 31st March 2015.

During the year under review, the Company had recognised the MAT Credit Entitlement of Rs.9.02 crs and had utilised an amount of Rs.5.08 crs and adjusted the same against the provision for current tax.

The Company had purchased an immoveable property for its Warehousing Operations in March 2016 and had availed a new term loan of Rs.11.25 crs from State Bank of India towards the same.

The company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act 2013 and as such no amount on account of principal or interest on deposits from public was outstanding as on date of the balance sheet.

## Cash Flow Statement

In conformity with the provisions of Regulation 34 2(c) of SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ended 31st March 2016 forms part of the Annual Report.

## Particulars of Contracts or Arrangements with Related Parties

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. The Company has framed a policy on Related Party Transactions and the same has been displayed in the Company's website [www.indianterrain.com](http://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-II

## 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 Regulation 34 (3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 forms a part of the Annual Report.

The requisite certificate from the Auditor, M/s CNGSN & Associates LLP confirming the compliance of conditions of Corporate Governance as stipulated under Schedule V(E) of SEBI (LODR) Regulations, 2015 which forms 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 as stipulated under Regulation 34 (2) (e) of SEBI(LODR) Regulations, 2015 which forms part of this Annual Report.

## Compliance with Code of Conduct

The 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)

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

The details about the policy developed and implemented by the company on corporate social responsibility and initiatives taken during the year are given as Annexure VI.

## Establishment of Vigil Mechanism

The 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 in the Company's Website [www.indianterrain.com](http://www.indianterrain.com)

## **Employee Stock Option Plan (ESOP)**

The 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 (Annexure-III) and forms part of the Annual Report.

## **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.

## **Declaration by Independent Director**

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 SEBI (LODR) Regulations, 2015.

## **Extract of Annual Return**

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

## **Number of Board Meetings**

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

## **Audit Committee**

During the year all the recommendations of the Audit Committee were accepted by the Board. The particulars relating to the Audit Committee has been detailed in the Corporate Governance Report which forms part of the Annual Report.

## **Key Managerial Personnel**

Pursuant to the provisions of Section 203 of the Companies Act, the Key Managerial Personnel of the Company are Mr. V.Rajagopal, Chairman & Managing Director, Mr. M. Thiyagarajan, Chief Financial Officer and Mr. J Manikandan, Company Secretary. There has been no change in the key managerial personnel during the year.

## **Remuneration Policy**

The particulars relating to Directors Remuneration Policy has been detailed in Corporate Governance Report which forms part of the Annual Report.

## **Particulars of Loans, 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 SEBI (LODR) Regulations, 2015, 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

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 operations of the Company.

The Company was in receipt of the notice / order from statutory authorities during the year for claim not acknowledged as debts by the company. The details of the same have been provided in Note 27 of the financial statements.

## **Internal control and 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 there by strengthen the controls. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report.

Adequate systems and processes, commensurate with the size of the Company and of its business are put in place to ensure compliance with the provisions of all applicable laws and such systems and processes are operating effectively.

Audit Committee and Board of Directors of the Company were appraised on the performance of the IFC

## **Business risk Management**

Pursuant to section 134 (3)(n) of the Companies Act, 2013 & Regulation 21 of SEBI (LODR) Regulations, 2015, 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 forms part of the Annual Report.

During the year under review, 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, [www.indianterrain.com](http://www.indianterrain.com).





## Auditors

M/s Anil Nair & Associates, Chartered Accountants, Chennai and M/s CNGSN & Associates LLP, Chartered Accountants, Chennai, are the Joint Auditors of the Company.

They were appointed in the 5th Annual General Meeting of the company and subject to ratification of the shareholders at every Annual General Meeting. A motion for ratification will be placed before the members of the company in the 7th Annual General Meeting for approval.

The Annual Accounts of the Company including its Balance Sheet, Statement of Profit and Loss and Cash Flow Statement including the Notes and Schedules to the Accounts have been audited by M/s Anil Nair & Associates, Chennai and M/s CNGSN & Associates LLP, Chennai.

## Auditors' Report and Secretarial Auditor's Report

The auditors' report and secretarial auditor's report do not contain any qualifications, reservations or adverse remarks.

## Secretarial Auditor

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BP & Associates, Practicing Company Secretaries as secretarial Auditors, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is presented separately and forms part of this report.

## Listing Fee

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The 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 2016. 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 the Company comprises of young passionate driven professionals committed to the organizational goals.

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

The 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, 2016, 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.

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.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2015-16.

## Adoption of New Set of Articles of Association

On 7th December, 2015, your Company's Shareholders approved by way of Postal Ballot, adoption of new set of Articles of Association in the place of existing Articles of Association in line with the provisions of the Companies Act, 2013.

## 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)	NIL
Total Foreign exchange outgo	Rs.8.05 crs

## Appreciation

The Directors place on record their deep appreciation and contribution made every member of the Indian Terrain family.

The Board places on record its appreciation for the support and co-operation the 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**

Chairman & Managing Director

Chennai, 30th May 2016



### 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	20.23 : 1
Rama Rajagopal	Executive Director	20.23 : 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	14.00%
J Manikandan	Company Secretary	15.92%

- c) the percentage increase in the median remuneration of employees in the Financial Year: 21%
- d) The number of permanent employees on the rolls of the company: 463 as on 31st March 2016.
- e) The explanation on the relationship between average increase in remuneration & Company performance:  
The Company's PAT has grown from 17.98 Crores to 33.02 Crores, an increase of 83.65% against which the average increase in remuneration is 21% 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	CTC	%Increase in CTC	PAT in Crs	% in Increase in PAT
V Rajagopal	CEO/MD	42.00 lacs	Nil	33.02	83.65%
M Thiyagarajan	CFO	15.07 lacs	14.00%		
J Manikandan	CS	14.49 lacs	15.92 %		

- 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
31.03.2015	35931300	119.35	6.01	19.86	428.84
31.03.2016	36711300	133.40	9.16	14.56	489.73
Incl/(Decrease)	780000	14.05	3.15	(5.3)	60.80

- 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 3.75% for Managerial Personnel (KMP) & 19.59% for employees other than Managerial Personnel.

- 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	1:17.59
V Rajagopal	Amitabh Suri	1:1.06
Rama Rajagopal	Charath Ram Narsimhan	1:17.59
Rama Rajagopal	Amitabh Suri	1:1.06

- 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, 2016.

Name	Designation	Nature of Employment	Remuneration* (in lakhs)	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	739.00	BTech (IIT), PGDBM (IIM), 19 years	07/11/2005	43	Madura Garments	3.57%	No

\* On earned CTC basis including perquisites