

INDIAN TERRAIN FASHIONS LIMITED



2nd
ANNUAL REPORT 2010-2011

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Board of Directors

Mr. V.Rajagopal, Chairman and Managing Director
 Mrs.Rama Rajagopal, Executive Director
 Mr. S. Surya Narayanan, Director & Chief Financial Officer
 Mr. N.K. Ranganath, Independent Director
 Mr. P.S. Raman, Independent Director
 Mr. Harsh Bahadur, Independent Director

Company Secretary

Mr. J. Manikandan

Management Team

Mr. Charath Narsimhan, Chief Executive Officer
 Mr. Amitabh Suri, Senior Vice-President-Marketing
 Mr. John Dulip Kumar, Senior Vice-President –Merchandising

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

114/2, Anna Salai Extension,
 Nagalkeni Chrompet,
 Chennai 600 044.



NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 2nd Annual General Meeting of Indian Terrain Fashions Limited will be held on 30th September, 2011 the Friday, at 11.00 A.M. at the Corporate Office of the Company, situated at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai 600 045 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.N.K.Ranganath, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr.P.S.Raman, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Anil Nair & Associates, Chartered Accountants, Chennai and M/s. CNGSN & Associates, Chartered Accountants, Chennai as Joint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. Appointment of Mr. N.K.Ranganath as a 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 Mr. N.K.Ranganath who was appointed by the Board of Directors as an Additional Director of the Company with effect from 20th September 2010 holds office up to the date of ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the Office of the Company, be and is hereby appointed as a Director of the Company”

6. Appointment of Mr. P.S.Raman as a 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 Mr. P.S. Raman who was appointed by the Board of Directors as an Additional Director of the Company with effect from 20th September 2010 holds office upto the date of ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the Office of the Company, be and is hereby appointed as a Director of the Company”

7. Appointment of Mr. S.Surya Narayanan as a 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 Mr. S. Surya Narayanan who was appointed by the Board of Directors as an Additional Director of the Company with effect from 29th March 2011 holds office upto the date of ensuing Annual General Meeting of the Company pursuant to the provisions

of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the Office of the Company, be and is hereby appointed as a Director of the Company”

8. Appointment of Mr. Harsh Bahadur as a 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 Mr. Harsh Bahadur who was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th June 2011 holds office up to the date of ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in wrting from a member under Section 257 of the Act proposing his candidature for the Office of the Company, be and is hereby appointed as a Director of the Company”

9. Appointment and 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 a Ordinary Resolution:

RESOLVED that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule XIII of the said Act, the company hereby accords its approval to the reappointment of Mr.V.Rajagopal as the Managing Director of the Company for a period of five years effective from 1st October, 2010 to 30th September, 2015 (both days inclusive).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to fix and vary remuneration and perquisites including monetary value thereof to the extent the Board of Directors may consider appropriate and as may be considered and permitted or authorized in accordance with the provisions of the Companies Act, 1956 for the time being in force and any statutory modifications or reenactment thereof, and/or any rules or regulations framed thereunder.

10. Employee Stock Option Scheme:

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI ESOP Guidelines”), Foreign Exchange Management Act, 1999, the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed and other relevant authorities, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting



such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, whether working in India or out of India, including any Director of the Company, whether whole time or otherwise, options exercisable into such number of equity shares being not more than 20% of the Paid-up Equity Share Capital of the Company at any point of time, either directly and / or through a Trust, under one or more Employee Stock Option Schemes, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority.

RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issues, bonus issues, subdivision of equity shares, consolidation of equity shares, merger and sale of division and others, for the purpose of making a fair and reasonable adjustment, the number of options to be granted and / or the exercise price payable under the Schemes shall be appropriately adjusted, without affecting any other rights or obligations under the Schemes.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the employee stock option Schemes and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI ESOP Guidelines and any other applicable laws.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board acting on its own or through the Compensation Committee be and is hereby authorised to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient, or desirable and also to settle any question or difficulties that may arise in such manner and the Board / Compensation Committee / such authorised person in its/ his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection."

11.) Employee Stock Options equal to or exceeding 1% of the issued capital - Mr. Charat Narsimhan

"RESOLVED THAT Mr.Charath Narsimhan, being the Chief Executive Officer of the Company be granted 5,00,000 Stock Options, which is 9% of the issued capital, that is 3,90,000 stock option under Growth Options and 1,10,000 Stock Option under Thank You Options of the Company as on the date of this resolution."

12.) Employee Stock Options equal to or exceeding 1% of the issued capital - Mr. Amitabh Suri

"RESOLVED THAT Mr.Amitabh Suri, being the Senior Vice-

President-(Marketing) of the Company be granted 3,35,000 Stock Options, which is 6% of the issued capital, that is 2,80,000 stock options under Growth Options and 55,000 stock option under Thank You Options of the Company as on the date of this resolution."

13.) Employee Stock Options equal to or exceeding 1% of the issued capital - Mr. S.Surya Narayanan

"RESOLVED THAT Mr.S.Surya Narayanan, being the Director and Chief Financial Officer of the Company be granted 2,25,000 Stock Options, which is 4% of the issued capital, that is 1,70,000 stock options under Growth options and 55,000 stock option under Thank You Options of the Company as on the date of this resolution."

14.) Employee Stock Options equal to or exceeding 1% of the issued capital - Mr. John Dulipkumar

"RESOLVED THAT Mr. John Dulip Kumar, being the Senior Vice President (Merchandising) of the Company be granted 56,000 Stock Options, which is 1% of the issued capital, that is 46,000 stock options under Growth options and 10,000 stock option under Thank You Options of the Company as on the date of this resolution."

Date: 11th August, 2011

Place: Chennai

For and On behalf of the Board

J.Manikandan

Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective must be received at the company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of Companies, Societies and Partnership firms etc must be supported by appropriate resolution/authority as applicable issued on behalf of the nominating organization.
2. The Register of members and transfer books of the Company will be closed from Monday, the 26th September, 2011 to Friday the 30th September, 2011 (both days inclusive).
3. In terms of Clause 49 of the Listing Agreement entered with Stock Exchanges, a brief resume of the directors proposed to be reappointed in this meeting, nature of expertise in specific functional areas, their other directorship, committee membership and their Shareholdings in the Company are annexed to this notice.

4. IMPORTANT SHAREHOLDER 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 through its recent Circular Nos. 17/2011 and 18/2011, dated 21st and 29th April 2011 respectively allowing companies to send various official documents to their shareholders electronically. Your Company recognizes the spirit of this MCA circular and it is proposed to henceforth send all documents and communications such as, Notice convening the General Meetings, Financial Statements, Directors Report, Auditors Report etc to the email addresses provided by you with your depository. It is encouraged that the members support this



green initiative and update their email address with their depository participant to ensure that all communications sent by the company are received on the desired email address.

It is intended to send all shareholder communication including financial statements and annual reports in electronic form. In addition, the full text of the reports and documents will also be made available on the Company's website: www.indianterrain.com in the investor section.

The electronic communication will be sent to your email addresses provided to us by your depository participant (DP). However, as per the records shared by the Depositories, your email address has not been registered and to enable us to implement the said initiative. We request you to please register / update your email address with your DP at the earliest.

5. Sale of Fractional Shares of Indian Terrain Fashions Limited and Disbursement of Proceeds:

Indian Terrain Fashions Limited having 4760 fully paid up Equity Shares of Rs. 10/- each representing total fractional shares on account of Demerger, which were allotted to the trustee on behalf of shareholders, were sold on April 01, 2011 at an average rate of Rs.65.62 each and dispatched fractional warrants or ECS credit to all eligible shareholders. As per the Scheme of Arrangement between Celebrity Fashions Limited and Indian Terrain Fashions Limited, every shareholder of Celebrity Fashions Limited was issued 2 shares of ITFL for every 7 shares held in CFL.

ANNEXURE TO THE NOTICE

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

Item No.5

Mr.N.K.Ranganath

Profile and expertise in specific functional areas

Mr. N.K.Ranganath was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 20th September 2010. As per the provisions of Section 260 of the Companies Act, 1956 he holds office till the conclusion of the ensuing Annual General Meeting.

The Company had received a notice from a member under Section 257 of the Companies Act, 1956 proposing his appointment as a director.

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

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

He was inducted as a director by the Board on 20th September 2010. He does not hold any share in the Company.

Item No.6

Mr. P.S.Raman

Profile and expertise in specific functional areas

Mr. P.S.Raman was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 20th September 2010. As per the provisions of Section 260 of the Companies Act, 1956 he holds office till the conclusion of the ensuing Annual General Meeting.

The Company had received a notice from a member under Section 257 of the Companies Act, 1956 proposing his appointment as a director.

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

During the years of practice, he has gained valuable knowledge, experience and expertise in the field of law. He was co-opted as Director by the Board on 20th September 2010.

Mr. P.S.Raman is also a Director in Sundaram Brake Linings Limited and does not hold any share in the Company.

Item No.7

Mr. S.Surya Narayanan

Profile and expertise in specific functional areas

Mr. S.Surya Narayanan was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 29th March 2011. As per the provisions of Section 260 of the Companies Act, 1956 he holds office till the conclusion of the ensuing Annual General Meeting.

The Company had received a notice from a member under Section 257 of the Companies Act, 1956 proposing his appointment as a director.

Born on 23rd February 1965, Mr. S.Surya Narayanan holds a Bachelor degree in Commerce from Madras University and is a Chartered Accountant. He is a Fellow member of Institute of Chartered Accountant of India. He holds 21 years of experience in Finance and Accounting.

Mr. Surya Narayanan is also a Managing Director in Celebrity Fashions Limited and holds 31,802 shares in the Company.

Item No.8

Mr. Harsh Bahadur

Profile and expertise in specific functional areas

Mr. Harsh Bahadur was appointed as an Additional Director of the Company by the Board of Directors vide the Circular Resolution dated 27th June 2011. As per the provisions of Section 260 of the Companies Act, 1956 he holds office till the conclusion of the ensuing Annual General Meeting.

The Company had received a notice from a member under Section 257 of the Companies Act, 1956 proposing his appointment as a director.

Born on 1st April 1955, Mr. Harsh Bahadur holds a Masters Degree in History from St.Stephen's College, Delhi University and hold MBA from Boston University.

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



Item No.9

The Board of Directors of the Company at their meeting held on 29th March 2011 fixed remuneration to Mr.V.Rajagopal Chairman and Managing Director of the Company as per the provisions of the Companies Act 1956 with effect from 1st April 2011 to September 2015, as he was appointed as Managing Director already by the Board of Directors for the Period 01.10.2010 to 30.09.2015 in the Board Meeting held on 20.09.2010. The remuneration committee of the Board of Directors had approved in its meeting held on 29th March 2011 by its resolution the terms of the remuneration payable to Mr.V.Rajagopal and the same was in accordance with the ceiling of maximum remuneration permitted under Section II (1) (A) of Part II of Schedule XIII to the Act. The terms of appointment and disclosures pursuant to clause 49 of the listing agreement are given below:

i) Tenure

For a period of 5 years with effect from 1st October, 2010 to 30th September, 2015

ii) Salary

Basic salary Rs.2,00,000/- per month with effect from 1st April 2011 to 30th September 2015.

iii) Medical Benefits

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

iv) Telephone

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

v) Automobile

He shall be entitled to a fully maintained Company car for company's business.

vi) Reimbursement of expenses

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

vii) Sitting Fees

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

Item No.10

The Company in order to recognize and appreciate the critical role played by the employees of the Company, in bringing about growth of the organization. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, approval of the shareholders is being sought for issue of stock options to the employees of the Company.

The main features of the employee stock option schemes are as under:

1. Total number of options to be granted:

Employee Stock Options exercisable into such number of equity

shares being not more than 20% of the Paid-up Equity Share Capital of the Company at any point of time would be available for being granted to eligible employees of the Company, under one or more Employee Stock Option Schemes. Each option when exercised would be converted into one Equity share of Rs.10 each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

All permanent employees, including the Directors of the Company, but excluding the promoters of the Company, as may be decided by the Compensation Committee of the Company from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

3. Transferability of employee stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

4. Requirements of vesting and period of vesting

The options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than six years from the date of grant of options.

5. Maximum period within which the options shall be vested:

The options would vest not later than six years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined, and may be altered or amended, by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

6. Exercise Price or Pricing Formula:

The options will be granted at the following exercise prices as decided by the Compensation Committee:

Growth Option: At a price equal to the market price, being latest available closing price, prior to the date of the meeting of the Board of Directors, in which options are granted/ shares are issued, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered; or price as per SEBI Preferential guidelines, whichever is lower.

Thank You Option: At price equal to the face value Rs.10/- (Rupees ten only)



7. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire not later than two years from the date of vesting of options.

The options will be exercisable by the Employees by a written application to the Company / Trust, in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

8. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee of the Company, and will be based on criteria such as criticality of the role, designation, length of service, past performance record, future potential of the employee and / or such other criteria that may be determined by the Compensation Committee of the Company at its sole discretion.

9. Maximum number of options to be issued per employee and in aggregate:

The total number of options that may be granted to any specific employee under one or more Schemes during any one year shall not be equal to or exceed granted options of the issued capital at the time of grant and in aggregate shall not exceed 20% of the Paid up Equity Share Capital of the Company at any point in time.

1. Charath Narasimhan 9%
2. Amitabh Suri 6%
3. S.Surya Narayanan 4%
4. John Dulipkumar 1%

10. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI ESOP Guidelines and other concerned Authorities.

11. Method of option valuation

To calculate the employee compensation cost, the Company may use either the Fair Value Method or Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and the SEBI ESOP Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except Mr.S.Surya Narayanan to the extent of the stock options granted to him.

Item No: 11:

In accordance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, consent of the members is required to be sought by a separate resolution in case the Company intends to grant, during any one year, stock options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to any identified employee.

Since it is proposed to grant 5,00,000 Stock Options to Mr. Charath Narsimhan, being the Chief Executive Officer of the Company, approval of members is being sought.

Item No: 12:

In accordance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, consent of the members is required to be sought by a separate resolution in case the Company intends to grant, during any one year, stock options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to any identified employee.

Since it is proposed to grant 3,35,000 Stock Options to Mr. Amitabh Suri, being the Senior Vice-President-(Marketing) of the Company approval of members is being sought.

Item No: 13:

In accordance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, consent of the members is required to be sought by a separate resolution in case the Company intends to grant, during any one year, stock options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to any identified employee.

Since it is proposed to grant 2,25,000 Stock Options to Mr.S.Surya Narayanan, being the Director and Chief Financial Officer of the Company approval of members is being sought.

Item No: 14:

In accordance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, consent of the members is required to be sought by a separate resolution in case the Company intends to grant, during any one year, stock options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to any identified employee.

Since it is proposed to grant 56,000 Stock Options to Mr. John Dulip Kumar, being the Senior Vice President (Merchandising) of the Company, approval of members is being sought.

Disclosure as per Clause 49 of the Listing Agreement

(a) Profile of Mr. V. Rajagopal

Mr. Venkatesh Rajagopal aged 54 is a B.A. Honors in Economics from Sri Ram College of Commerce, New Delhi and a Post Graduate in Master of Arts from Bangalore University. He joined the Indian Police Service during the year 1979 and he served the nation for a decade. During the year 1988, Mr. Venkatesh Rajagopal quit the Indian Police Service and entered into the business of garment exports. He is an avid reader and a sports person. Was a member



of a Social Organisation called Round Table for 8 years till 1998. Was associated in organizing the International conference of Round Tablers in 1996, in Chennai in the capacity as Vice-Chairman of the conference.

He is currently a member of the young Presidents Organization, Madras Chapter.

(b) Expertise in specific functional areas

➤ Managerial, Financial, Marketing and Administration.

(c) Directorships of other Companies and the membership of Committees of the Board

Mr. V.Rajagopal is the director of the following companies:

Celebrity Fashions Limited : Chairman

Celebrity Clothing Limited : Director

Membership of the Committees of the Board

Shareholders Grievance Committee : Member

Audit Committee : Member

Mr.V.Rajagopal holds 13,69,423 equity shares in the company.

None of the Directors except Mr.V.Rajagopal and Mrs. Rama Rajagopal are interested or concerned in the proposed resolution.

Date : 11th August, 2011

For and on behalf of the Board

Place : Chennai

J Manikandan

Company Secretary

Section 302 Notice

To

All Members

Sub: Memorandum under Section 302 of the Companies Act, 1956

I. Reappointment of Mr.V.Rajagopal as Managing Director

The Board of Directors of the Company at their meeting held on 29th March 2011 fixed remuneration to Mr.V.Rajagopal Chairman and Managing Director of the Company as per the provisions of the Companies Act 1956 with effect from 1st April 2011 to September 2015, as he was appointed as Managing Director already by the Board of Directors for the Period 01.10.2010 to 30.09.2015 in the Board Meeting held on 20.09.2010 subject to the approval of the shareholders at the ensuing 2nd Annual General Meeting.

Mr. Venkatesh Rajagopal aged 54 is a B.A. Honors in Economics from Sri Ram College of Commerce, New Delhi and a Post Graduate in Master of Arts from Bangalore University. He joined the Indian Police Service during the year 1979 and he served the nation for a decade. During the year 1988, Mr. Venkatesh Rajagopal quit the Indian Police Service and entered into the business of garment exports. He is an avid reader and a sports person. Was a member of a Social Organisation called Round Table for 8 years till 1998. Was associated in organizing the International conference of Round Tablers in 1996, in Chennai in the capacity as Vice-Chairman of the conference. He is currently a member of the young Presidents Organization, Madras Chapter.

Mr. V. Rajagopal shall have the overall responsibility of managing the affairs of the Company, in particular the commercial and marketing activities of the Company subject to the supervision and control of the Board of Directors.

The proposed re-appointment of Mr.V.Rajagopal as Managing Director is subject to the approval of the shareholders by way of ordinary resolution at the ensuing 2nd Annual General Meeting of the Company.

Mrs.Rama Rajagopal being the spouse of Mr. V.Rajagopal is concerned or interested in the aforesaid re-appointment as Managing Director.

Pursuant to Section 302 of the Companies Act 1956, the abstract of the terms of reappointment and remuneration of Mr.V.Rajagopal is furnished herewith.

Date: 11th August, 2011

For and On behalf of the Board

Place: Chennai

J.Manikandan

Company Secretary

Abstract of the terms of appointment and remuneration of Mr. V.Rajagopal as Managing Director

(Pursuant to section 302 of the Companies Act, 1956)

1	Tenure	1st October, 2010 to 30th September, 2015
2	Salary	Rs.2,00,000/- per month w.e.f 1st April 2011
3	Medical benefits	Reimbursement of all actual medical expenses for herself and family to the extent not reimbursed under Mediclaim Policy
4	Telephone	Telephone, telefax and other communication facilities at residence at Company's cost.
5	Automobile	He shall be entitled to a fully maintained company car with driver for company's business.
6	Reimbursement of expenses	He 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.
7	Sitting fees	He will not be entitled to any sitting fees for attending the meetings of the Board or of any Committee thereof.
8	Power to vary	The Board shall have power to vary or enhance the remuneration from time to time at its discretion on the recommendation of the Remuneration Committee within the limits specified in Schedule XIII to the Companies Act, 1956.

For Indian Terrain Fashions Limited

Date : 11th August, 2011

J Manikandan

Place : Chennai

Company Secretary



Directors Report

To the Members,

The directors have pleasure in presenting the Second Annual Report of your Company for the year ending 31st March 2011.

Scheme of Arrangement

Transfer of Domestic Division of Celebrity Fashions Limited

Yours Company was incorporated on 29th September 2009 with the objective of taking over the domestic business of Celebrity Fashions Limited (the Transferor Company) under the brand name, Indian Terrain, on a going concern basis vide a Scheme of Arrangement (the Scheme) in accordance with Sections 391 to 394 of the Companies Act, 1956. The Honorable High Court of Madras approved the Scheme between Celebrity Fashions Limited, Indian Terrain Fashions Limited and its respective Shareholders and Creditors vide its order dated 16th August 2010. The Scheme became effective on 3rd September 2010. The Appointed date of demerger is 1st April 2010.

Pursuant to the Scheme, the domestic business of Celebrity Fashions under the brand, Indian Terrain was demerged into Indian Terrain Fashions Limited with effect from 1st April 2010. Celebrity Fashions carried on the business in trust on behalf of the Company from the period 1st April 2010. The first financial year of active operations for the Company is FY 2010-11.

The Balance Sheet and Profit and Loss Account and related financial statements have been made in accordance with the provisions of the said Scheme.

As per the Scheme, the Committee of the Board of Directors of the Company issued and allotted on 3rd November 2010, 55,81,331 fully paid-up equity shares of Rs.10/- each to the Share holders of Celebrity Fashions Limited whose names appeared in the Register of Members as on the Record Date, viz. 27th October 2010, in the ratio of 2 (two) equity shares of Rs.10/- each for every 7 (seven) equity shares held in Celebrity Fashions Limited.

Further the Original Share Capital of Rs.5,00,000/- (50,000 equity shares of Rs.10/- each) was cancelled and taken to Capital Reserve account.

The equity shares were listed in the National Stock Exchange of India Limited and Bombay Stock Exchange on 11th March 2011.

Financial Performance

	Rs. In Crs
Total Income	121.76
Total Expenditure	108.70
EBITDA	13.06
Interest & Finance Costs	5.48
Depreciation	1.09
Profit before Tax	6.49
Provision for Taxation	0.18
Profit after Tax	6.31
Appropriation of Profits	-
Balance Carried to Balance Sheet	6.31

Industry Outlook and Operational Highlights

Indian apparel retail sector is one of the important sectors in Indian retail industry. More than 35% of Indian retail sector comprises of apparel retailing. The Indian consumer market is likely to grow four times by 2025. In India, apparel is the second largest retail category, representing 10% of the US \$37 bn. Retail market. It is expected to grow 12-15% per year. India has one of the largest numbers of retail outlets in the world.

The branded wear business stakes in India is around Rs.60,000 crores. Predominant amount of business in the sector for the country is through branded retail and this includes all kinds of small and big brands sold through small and big sized retailers.

The brand, Indian Terrain as such has recorded an increase of over 50% during the current financial year when compared to its stand alone performance during financial year ending 31st March 2010. The brand crossed the 100 crore turnover mark during the year and ended the financial year with total revenues of Rs.121 crs at a CAGR of 61% since inception.

The Company has opened 20 new exclusive outlets during the year under review. EBITDA for the year stood at 10.80% and Profit after Tax at 5.20%

Finance and Accounts

Consequent to Demerger, the Company will have a portion of Accumulated losses and unabsorbed depreciation transferred and hence the Company will not be subject to Current Tax. However, the provision of Minimum Alternate Tax will be applicable to the Company. An amount of Rs.1.29 crs has been treated as Tax paid in advance and is not charged to Profit and Loss Account.

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

This being the first year of operations for the Company and with a view to conserve the resources, the Board of Directors have not recommended any Dividend for the current financial year.

Directors

The Board of Directors has lost one of its strong resources with the sad and sudden demise of Mr. Raghu Pillai, director of your Company. The Board sincerely places on record his big efforts and immense contribution to the growth of the business.

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

Auditors

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

Personnel

Employee relations have been very cordial during the year ended 31st March 2011. 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 our Company comprises of young professionals who are more dynamic and energetic and above all are much committed to the organizational goals.



Corporate Governance Report and Management Discussion and Analysis Statement

A report on Corporate Governance is attached to this Report as also a Management Discussion and Analysis statement.

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 2011, 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. 15.13 lakhs
Total Foreign exchange outgo	Rs. 8.98 lakhs

Appreciation

The Directors are sincerely thankful to you – the esteemed shareholders, customers, business partners, financial / investment institutions, commercial banks and all its employees for the valuable support provided by them to the Company and its Management.

For and on Behalf of the Board
V. Rajagopal

Chennai, 30th May 2011 **Chairman & Managing Director**

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 and independent directors to ensure proper governance and Management.

During the financial year 2010-11, the Board consisted of six Directors. Mr.V.Rajagopal is the Chairman and Managing Director and Mrs. Rama Rajagopal, Executive Director and Mr. Surya Narayanan, Director and Chief Financial Officer.

Out of six Directors, three directors viz., Mr.P.S.Raman, Mr.N.K.Ranganath and Mr. Raghu Pillai are non executive Independent Directors. The number of independent directors on the Board is 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 2010-11, the Board met 11 times on 30th April 2010, 4th June 2010, 9th August 2010, 13th August 2010, 27th August 2010, 20th September 2010, 9th October 2010, 3rd November 2010, 30th November 2010, 14th February 2011, 29th March 2011.



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 2011 are as follows:

Name of the Director	Category	Attendance at the Board Meetings	Attendance at the Last AGM	Number of other Director- ships held**	Other Committee Membership ***	
					Member	Chairman
Mr. V. Rajagopal Chairman and Managing Director	Executive / Promoter	11/11	Yes	2	2	-
Mrs.Rama Rajagopal Executive Director	Executive / Promoter	5/11	Yes	2	-	-
Mr.S.Surya Narayanan Director & CFO	Executive	7/7	Yes	2	2	-
Mr.P.S.Raman Director	Independent Non Executive	3/6	N.A	1	2	-
Mr.N.K.Ranganath Director	Independent Non Executive	6/6	N.A	2	2	2
Mr.Raghu Pillai Director	Independent Non Executive	5/6	N.A	1	2	1

Notes:

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

*** Only membership of audit committee and shareholders / investors grievance committee & Remuneration Committee has been taken into consideration.

Access to information and updation to Directors

The required information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews significant strategic, financial, operational and compliance matters in the meeting.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

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

The Company consists of qualified and independent Audit Committee. The committee consists of three members Mr.N.K.Ranganath, Non-executive independent director as its Chairman, Mr.S.Surya Narayanan and Mr.P.S.Raman and Mr.V.Rajagopal as its members. All the members of the Committee have excellent financial and accounting knowledge.

The role of the Audit Committee, in brief, is to review financial statements, internal controls, accounting policies and internal audit. The quarterly financial results are placed before the audit committee for its review, suggestions and recommendation(s), before taking the same to the Board. The Committee also reviews

the management discussion and analysis of financial conditions and results of operations, related party transactions.

The Committee met 2 times on 3rd November 2010 and 4th February 2011 during the financial year ended 31st March 2011, wherein all the Committee members were present for all the meetings.

REMUNERATION AND COMPENSATION COMMITTEE

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

The Committee consists of three non-executive independent directors, Mr. Raghu Pillai as its Chairman, Mr.P.S.Raman and Mr.N.K.Ranganath as its members.

During the year ended 31st March 2011, the Remuneration and Compensation Committee met once on 29th March 2011.

Remuneration Policy

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

Remuneration to Directors

The Non executive directors do not draw any remuneration from the Company other than the sitting fees for attending each meeting of the Board and committees thereof. The Company pays sitting fees of Rs. 2,500/- to all the non-executive directors for attending each meeting of the Board and Rs.1,500/- for each meeting of its committee thereof which is within the limits prescribed under the Companies Act, 1956.



During the financial year 2010-11, the sitting fee paid to Non - Executive Directors were as under:

Name of the Director	Sitting Fees (includes the fees paid for Committee Meetings) Rs.
Mr. P.S.Raman	7,500
Mr. N.K.Ranganath	14,000
Mr. Raghu Pillai	14,000

There are no other particular pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company.

The Company pays remuneration by way of Salary, perquisites and allowances to the Managing Director and Executive Directors. Details of the remuneration and perquisites paid to the whole time directors are as under:

Name of the Director	Salary (Rs. in Lakhs)	Retirement Benefits	Total (Rs. in Lakhs)
Mrs.Rama Rajagopal Executive Director	24.00	Nil	24.00

In addition to the above, the whole time directors shall be entitled to suitable mediclaim policy for hospitalization and reimbursement of all actual medical expenses for themselves and their family to the extent not reimbursed under Mediclaim policy. They shall be entitled to telephone, fax and other communication facilities at their residence at company's cost. They are entitled to a fully maintained company car for company's business and the company shall pay the cost of vehicle, inclusive of driver. They shall also be entitled to reimbursement of all actual expenses or charges, including travel, entertainment and other out of pocket expenses incurred by them for and on behalf of the Company, in furtherance of its business and objects.

During the year 2010-11, the Indian Terrain – A division of Celebrity Fashions Limited demerged with the Company. The Company had not allotted any Employee Stock Option plan during the year under review.

Shareholders/Investors Grievance Committee

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

The Committee consists of three members and Mr.N.K.Ranganath, Non executive independent director as its Chairman and Mr. P.S.Raman, Mr.V.Rajagopal and Mr.S.Suryanarayanan as its members. During the year, the committee met once on 29th March 2011.

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

The Company received one complaint during the year and got resolved immediately and there were no complaints pending to be resolved as on 31st March 2011.

Subsidiary Companies

The Company has no subsidiary Companies.

General Body Meetings

The details of the last three Annual General Meetings (AGMs) held were as under:

Financial year	Day and Date	Time	Venue
2009 – 10	Saturday, 18th September 2010	11.00 A.M	Corporate Office, SDF- IV & C 2,3rd Main Road, MEPZ - SEZ, Tambaram, Chennai 600 045.

The following special resolutions were passed by the members during the last 3 annual general meetings:

AGM held on 18.09.2010

1. INCREASE IN AUTHORISED SHARE CAPITAL
2. ALTERATION OF CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION
3. ALTERATION OF ARTICLES OF ASSOCIATION

Code of conduct

The Company has adopted a Code of Conduct for all board members and senior management of the Company. The Code has been communicated to the directors and the members of the Senior Management of the Company. The code has been displayed on the Company's website namely www.indianterrain.com. All the members of the Board and senior management have confirmed compliance with the Code for the year ended, 31st March 2011. The annual report contains a declaration to this effect signed by the Chairman and Managing Director and the Company Secretary as Compliance Officer of the Code.

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

CEO/ CFO CERTIFICATION

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

DISCLOSURES

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

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

The company has complied with all the mandatory requirements



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

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

Means of Communication

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

GENERAL SHAREHOLDERS INFORMATION

Financial Year

1st April to 31st March

Annual General Meeting and Date of Book Closure

This Corporate Governance Report was taken on record by the Board in their meeting held on 30th May 2011. The date and venue of the Annual General Meeting was not finalized in the Board Meeting. Hence the details as to the Schedule of Annual General Meeting and the dates of Book Closure have not been provided.

Listing on Stock Exchanges

Bombay Stock Exchange Limited National Stock Exchange of India Limited

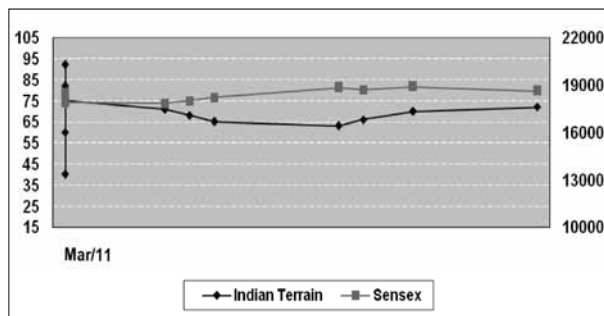
Phiroze Jeejeebhoy Towers, Exchange Plaza, Block G,
Dalal Street, Bandra Kurla Complex, Bandra (East),
Mumbai 400 001 Mumbai 400 051
Stock Code: "533329" Stock Code: "IND TERRAIN"

Market Price data (Share price in Rs.)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Mar-11	92.60	40.00	108924	90.10	39.30	135303

Indian Terrain Fashions Limited Share Price Performance in comparison with BSE Sensex

Registrar and Share Transfer Agents



M/s. Link Intime India Private Limited, Mumbai are the Registrar and Share Transfer agents for handling physical and electronic registry work. The Shareholders are requested to address their share related requests/ queries to the RTA. The contact address of the registrar and share transfer agent is as follows:

M/s. Link Intime India Private Limited
C - 13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W),
Mumbai 400 078
Tel: + 91 22 2596 3838
Fax : + 91 22 2596 2691
Website : www.linkintime.co.in

Share Transfer System

The Board has delegated the powers to approve share transfers, transmissions, rematerialisation by constituting a Shareholders/ Investors Grievance Committee. As 99.99% of the shares were held in dematerialized mode, the transfers of those shares were done through the depositories with no involvement of the company.

The physical share transfer, transmissions are processed based on number of requests received. The shares lodged for transfers are processed and registered as per the requirements of the listing agreement if the documents are complete in all respects.

Distribution of Shareholding:

Distribution of Shareholding as on 31st March 2011 is as under:

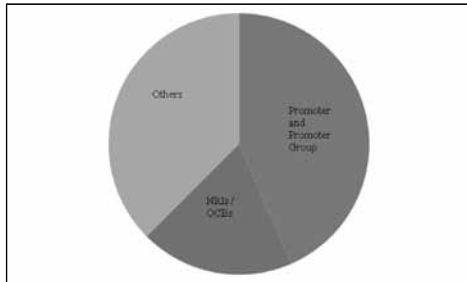
Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
0001-5000	598399	5983990	10.72	13819	97.49
5001-10000	132552	1325520	2.37	193	1.36
10001-20000	119233	1192330	2.13	85	0.599
20001-30000	56286	562860	1.00	22	0.15
30001-40000	54971	549710	0.98	16	0.11
40001-50000	27493	274930	0.49	6	0.04
50001-100000	93735	937350	1.67	13	0.09
Greater than 100000	4498662	44986620	80.60	20	0.14
TOTAL	5581331	55813310	100.0000	15891	100.000



Shareholding Pattern as on 31st March 2011

Category	No. of Shares	Percentage
Promoter and promoter group		
Promoter and promoter group	2610792	46.78
Sub Total	2610792	46.78
NRI/OCBs		
Foreign Company	971428	17.40
Foreign Nationals	82	0.001
Non Resident Indians	12959	0.23
Sub Total	984469	17.63
Others		
Clearing Members	34294	0.61
Private Corporate Bodies	840213	15.05
Public	1111563	19.91
Sub Total	1986070	35.58
Total	5581331	100

Graphical Representation of the Shareholding pattern



Dematerialisation of Shares and liquidity

The Equity Shares of the company were admitted in the following depositories under International Securities Identification number (ISIN) No. INE611L01013 considering the benefits embedded in holding and trading of the securities in electronic form.

Name of the depository	Address
National Securities Depository Limited	4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited	28th Floor, Phiroze Jee Jeebhoy Towers, Dalal Street, Mumbai - 400 001.

As at 31st March 2011, 5581097 Equity shares aggregating to 99.99% were held in dematerialized form.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments up to the financial year 2010 - 11.

Address for correspondence

Indian Terrain Fashions Limited

Registered Office

No: 208, Velachery, Tambaram Road, Narayanapuram, Pallikaranai, Chennai 600 100

Tel: 91 44 4345 3000

Fax: 91 44 4345 3202

Email : investorservices@indianterrain.com Website : www.indianterrain.com

Corporate Office

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

Tel : + 91 44 43432200

Fax : +91 44 22622897, 22628184

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

1. Mr. V. Rajagopal
2. Mrs. Rama Rajagopal
3. Mr. Suresh Rajagopal
4. Mr. K.A. Rajagopalan
5. Ms. Anjali Rajagopal
6. Mr. Vidyuth Rajagopal
7. Celebrity Connections (Partnership Firm)
8. Celebrity Fashions Limited
9. Celebrity Clothing Limited

The above disclosure has been made inter alia for the purpose of Regulation 3 (1) (e) of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

For Indian Terrain Fashions Limited

S. Surya Narayanan

Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members

Indian Terrain Fashions Limited

We have examined the Compliance of conditions of Corporate Governance by Indian Terrain Fashions Limited for the year ended on 31st March 2011, as stipulated in clause 49 of the listing agreement of the said Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For CNGSN & Associates

Chartered Accountants

F.R.No.004915S

C.N. Gangadaran

Partner

Dated: 30.05.2011

Place: Chennai

Membership No. 11205



Management Discussion and Analysis – 31st March 2011

This Management Discussion and Analysis Report is prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities and Exchange Board of India and in compliance with the provisions of the Listing Agreement.

Overview

People's perception about the global economy has still not changed even after robust recovery in economy from the bottom. People's concern is sustainable job environment, which is still not there and would take more time to repair. India's GDP growth slowed to 7.8% in the fourth quarter of FY11, the slowest in the past five quarters, as compared to a growth of 9.4% in the same period of the previous year. The poor performance of the manufacturing sector (5.5% in Q4 FY11 as against 15.52% in Q4 FY10) was primarily responsible for pulling down the overall GDP growth during the quarter. GDP growth figures for Q4, 2010-11, highlight an unmistakable downward trend. While in Q1, 2010-11, GDP grew by 9.3 percent, in Q4, 2010-11, GDP growth came down to 7.8 percent. Factors such as hardening of interest rates in response to the tight money policy and unrelenting rise in input prices have posed a major impediment to manufacturing growth. For the full financial year, the economy grew by 8.5% as against 8% in the previous fiscal. While growth continues to be supported by private consumption- 8.6% in FY11 as compared to 7.3% in FY10 the pace of consumption growth has eased over the course of FY11. This could be attributed to elevated price pressures and rising interest rates.

Industry review

The country has witnessed an increase in the consumer expenditure on apparel. Individuals have become more conscious regarding their outerwear and are willing to spend more on the apparels. The rising population along with the increase in the disposable income of consumers has led to the increase in the expenditure in the apparel sector.

Menswear was the largest segment with a market share of 43.1% and the value of US\$13.974 bn. Out of the total apparel market of US\$32.458bn., women wear commands a market share of 37.5% followed by kids wear boys with 10.2% and kids wear girls with 9.2%.

Domestic consumption is on high in the emerging economies and those economies are now leading the global economic expansion. Year 2012 could emerge as the revival of the next business cycle (i.e. expansion).

Threats & Concerns

The inflation situation in the economy continues to be a cause for concern. Despite large scale tightening of monetary policy by the RBI and other steps taken by the government, inflation remains to be a big threat on retailers.

Revenues and expenses can vary significantly from period to period. The increasing pressure on costs is led by expenses on power and fuel and expenses on other raw materials. Outlays on interest cost and wages and salaries have also jumped to the double digit mark.

Inflation, rising interest rates, weak education and inadequate vocational training facilities and slower pace of growth than projected in the budget could affect consumer demand. Besides, the growth of urbanization / megacities, as well as a hesitant approach to FDI in

retailing, could inhibit the penetration of organized retailing and in turn affect and inhibit consumer demand.

Further low availability of skilled manpower is a challenge, given the labor intensive nature of the industry, which juggles hard to keep up with the constant and justified demand for raising wages for the workers in an inflationary situation. Also, unlike other countries where manufacturing takes place in villages where cheap labor is available in plenty, the apparel manufacturing industry in India is concentrated in locations like Bangalore, Chennai, Ludhiana, Tirupur.

The declining percentage of women in the available workforce is an alarming trend, because significant portion of the sewing operators of apparel manufacturing industry are women.

Opportunities

The domestic retail market is growing at the rate of over 10% every year. The total population of India is expected to comprise of more than 35-40% in the age group of productive 30-45 years by 2020. As per IMF report, India is the country having consistent GDP growth rate and also expected to be one in five strong economy countries by 2020. By 2020 nearly 35% of the Indian population would live in the urban centres.

All market surveys related to the retail RMG sector shows a clear leaning of the market towards branded products. The high cost of custom tailoring and increasing logistics cost, changed lifestyle as a drop out of social and cultural changes that the Indian families are undergoing are the basic reasons for this scenario.

Demographic trends in India are varying, with raise in disposable income levels, consumer awareness and tendency to spend. According to NCAER data, the Consuming Class, with an yearly income of US\$ 980 or above, is rising and is expected to represent over 80 per cent of the population. There is a vary in the consumer mindset that has led to a tendency of enlarged consumption on personal care and lifestyle products as well as branded products. These trends offer huge growth opportunities for companies across a variety of sectors, including textiles. Supporting the growing demand for utilization is the revolution taking place in India's retail sector. Organized retail is playing a vital responsibility in structuring the Indian domestic market, unbreakable by the rapid increase of supermarkets, malls, theme stores and franchises across urban India. India thus presents a large and energetic market for textiles and apparels, with a potential for constant growth.

Outlook

India's branded clothing business has made rapid strides during the year, with consumer demand turning positive quite early in the year. The branded business continues not only to hold great promise, but it has also started delivering on this promise. Consumer sentiments improved significantly during the year as consumers in Asia Pacific and specifically in India were amongst the first to cut back on discretionary spending during the period of crisis. The growth in the overall retail market will be driven largely by the expansion in the organized retail market. Domestic retailers continue to invest heavily in increasing their store networks and improving in-store offerings.

The industry needs to increase productivity, resulting in inclusive growth, develop the skills of both its production teams as well as its design teams and be able to deliver a consistently high level of quality.



Future belongs to the image of the product or the company, i.e., building a brand is not only essential but a necessity. Unique products filled with additional features needs to be addressed. The features not only to the core product but in terms of packaging, service and the like will also help to increase the customer base. The other main focus has to be not only in widening the customer base but to hold them with the brand for a long time. Also, inducement or promoting for increased purchases should be the promotional strategy.

The Company is looking forward to the branded business showing consistency in its growth in the future.

Operational Review of the Company

The Company got demerged from Celebrity Fashions Limited into a separate listed entity.

The Appointed date of Demerger was 1st April 2010 and the Honorable High Court of Madras vide its Order dated 16th August 2010 has sanctioned the Demerger of Indian Terrain business. The Order became effective 3rd September 2010.

This Demerger exercise has facilitated both the Companies to have exclusive focus in the respective businesses and also has unlocked the Shareholders' Value.

This has been mentioned in detail in the Director's Report.

Internal Control Systems and their Adequacy

The Company has developed adequate internal control system commensurate to its size and business to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. The internal audit reports are periodically reviewed by the Management together with the Audit Committee of the Board. The Company has a strong Management Information System as a part of Control Mechanism.

Risk Management

The Company is exposed to the following risks:

Interest Rate Risk

The Interest rate regime has been continuously on the hike mode for the past several quarters. This is giving pressures on the Company's Interest Burden.

Financial Performance

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

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

Highlights

Rs. In lakhs
2010-2011

Income From operations	12,111.01
PBITD	1,306.24
Interest	547.74
PBDT	758.50
Depreciation	109.43
Profit/ (Loss) Before Tax	649.07
Provision for Taxation	18.31
Net Profit / (Loss) after Tax	630.76

Human Resources/Industrial Relations

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

Measures for employees' safety, their welfare and development receives top priorities. The Company had about 275 employees as on 31st March 2011.

Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could materially differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, global demand-supply conditions, changes in governmental regulations and tax structure, economic structure within India and the countries with which the Company has business contacts and other incidental factors.

AUDITOR'S REPORT

To the Members of,

INDIAN TERRAIN FASHIONS LTD

We have audited the attached Balance Sheet of M/S INDIAN TERRAIN FASHIONS LIMITED as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis



of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.

3. Further to our comments in the annexure referred to in paragraph 2 above we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is prima facie disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2011;
 - ii) in the case of the Profit and Loss Account of the Profit for the year ended on that date ; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for ANIL NAIR & ASSOCIATES

for CNGSN & ASSOCIATES

Chartered Accountants

Chartered Accountants

(Registration No 175S)

(Registration No 4915S)

G. ANIL

C.N. GANGADARAN

Partner

Partner

Membership No 22450

Membership No 11205

Place: Chennai

Date : May 30, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 2 of the Auditor's Report of even date to the members of Indian Terrain Fashions Limited on the accounts for the year ended March 31st 2011)

(i). In respect of its Fixed Assets :

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

(ii). In respect of its Inventories

- a) As explained to us the inventories of the Company have been physically verified by the Management during the year. In respect of inventories lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion the Company has maintained proper record of inventories. There were no material discrepancies noticed on physical verification of inventories as compared to the book records.

(iii).

- a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.

(iv). In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods. On the basis of our examination of the books and information and as per the explanations given to us, we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control.

(v). In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956 :

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the



register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- c. In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 500,000/= in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
- (vi). The Company has not accepted any deposits from the public. Accordingly paragraph 4(vi) of the Order is not applicable.
- (vii). The Company has an internal audit system, which in our opinion is commensurate with the size and nature of its business.
- (viii). According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. Accordingly paragraph 4(viii) of the Order is not applicable.
- (ix). a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March 2011 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us there were no amounts in respect of the aforesaid dues which have not been deposited on account of any dispute.
- (x). The company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- (xi). In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any debentures outstanding during the year.
- (xii). The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly paragraph 4(xii) of the Order is not applicable

- (xiii). In our opinion the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xiv). According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.
- (xv). According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly paragraph 4(xv) of the Order is not applicable.
- (xvi). According to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained
- (xvii). According to the information and explanations given to us and an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
- (xviii). During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix). According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures
- (xx). The company has not raised any money by way of public issue during the year. Accordingly paragraph 4(xx) of the Order is not applicable.
- (xxi). During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for ANIL NAIR & ASSOCIATES

Chartered Accountants

(Registration No 175S)

G. ANIL

Partner

Membership No 22450

Place: Chennai

Date : May 30, 2011

for CNGSN & ASSOCIATES

Chartered Accountants

(Registration No 4915S)

C.N. GANGADARAN

Partner

Membership No 11205



Balance Sheet as at 31st March 2011

Rs. In lakhs

Particulars	Sch #	As At 31-Mar-11	As At 31-Mar-10
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	558.13	5.00
Reserves & Surplus	2	1,431.39	-
		1,989.53	5.00
Loan Funds			
Secured Loans	3	5,294.17	-
		5,294.17	-
Deferred Tax Liability		18.31	-
Total		7,302.00	5.00
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		960.10	-
Less: Depreciation		67.74	-
Net Block		892.36	-
Current Assets, Loans & Advances			
A) Current Assets			
Inventories	5	3,104.14	-
Sundry Debtors	6	4,482.77	-
Cash and Bank Balances	7	313.02	3.76
Other Current Assets	8	16.15	-
Loans & Advances	9	776.16	-
		8,692.25	3.76
B) Less: Current Liabilities & Provisions			
Current Liabilities	10	2,282.60	0.01
Provisions		-	-
		2,282.60	0.01
Net Current Assets		6,409.65	3.75
Preliminary Expenses not written off		-	1.25
Total		7,302.00	5.00
Significant Accounting Policies and Notes on Accounts	20		

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 175S
G.Anil
Partner
Membership # 22450
Chennai, 30th May 2011

For CNGSN & Associates
Chartered Accountants
Registration # 4915S
C.N.Gangadaran
Partner
Membership # 11205

For and on Behalf of the Board
V. Rajagopal
Chairman & Managing Director
S. Surya Narayanan
Director
J. Manikandan
Company Secretary


Profit and Loss a/c for the Year Ending 31st March 2011

Rs. In lakhs

Particulars	Sch #	Amount
INCOME		
Income from Operations (Gross)	11	12,237.40
Less: Excise Duty		126.40
Net Sales		12,111.01
Other Income	12	65.22
Increase / (Decrease) In Stock	13	1,154.91
Total		13,331.14
EXPENDITURE		
Cost of Materials	14	5,543.18
Employees Costs	15	578.38
Other Operating Expenses	16	2,016.89
Administrative & Other Costs	17	261.11
Selling & Distribution Costs	18	3,624.09
Interest & Other Finance Costs	19	547.74
Depreciation		109.43
Miscellaneous Expenditure W/o		1.25
Total		12,682.07
Profit before Tax		649.07
Provision for Income Tax		
Current Tax		-
Deferred Tax -- liability / (asset)		18.31
Net Profit After Tax		630.76
Balance brought forward		-
Profit Available for Appropriation		630.76
Appropriations		
Proposed Dividend		-
Corporate Dividend Tax on Proposed Dividend		-
General Reserve		-
Total Appropriations		-
Balance carried to Balance Sheet		630.76
Basic and Diluted Earnings Per Share - In Rs.		
-- Before Extra-Ordinary Item		11.30
-- After Extra-Ordinary Item		11.30
Significant Accounting Policies and Notes on Accounts	20	

To be read with our report of even date

For Anil Nair & Associates

Chartered Accountants

Registration # 175S

G.Anil

Partner

Membership # 22450

Chennai, 30th May 2011

For CNGSN & Associates

Chartered Accountants

Registration # 4915S

C.N.Gangadaran

Partner

Membership # 11205

For and on Behalf of the Board

V. Rajagopal

Chairman & Managing Director

S. Surya Narayanan

Director

J. Manikandan

Company Secretary


Schedules annexed to and forming part of the Accounts
Rs. In lakhs

Particulars	As at Mar-11	As at Mar-10
SCHEDULE - 1		
SHARE CAPITAL :		
Authorized Capital:		
1,20,00,000 (Prev. Yr. 5,00,000) Equity Shares of Rs.10/- each	1,200.00	50.00
Issued, Subscribed and Paid up Capital :		
55,81,331 (50,000) Equity Shares of Rs.10/- each	558.13	5.00
	558.13	5.00
Notes:		
1) The Company was incorporated on 29th September 2009 with an Authorised Share Capital of Rs.50 lakhs (5,00,000 Shares of Rs.10 each)		
2) In terms of the Scheme of Arrangement between Celebrity Fashions Limited, Indian Terrain Fashions Limited and its respective Shareholders		
and Creditors sanctioned by the Honorable High Court of Madras, which became effective on 3rd September 2010 with retrospective effect from 1st April 2010, the following effects were given:		
a) Authorised Shared Capital increased to Rs.12,00,00,000 (1,20,00,000 shares of Rs.10 each)		
b) The Pre-demerger paid up share capital of Rs.5,00,000 stands cancelled		
c) 55,81,331 shares of the Company were issued to the Share holders of Celebrity Fashions Limited pursuant to demerger in the ratio of 2:7 (Two Shares for every Seven shares held in Celebrity Fashions Limited)		
SCHEDULE - 2		
RESERVES & SURPLUS :		
Capital Reserves		
Opening Balance	-	-
As computed in terms of the Scheme of Arrangement	800.63	-
	800.63	-
Profit and Loss Account		
Opening Balance	-	-
Additions During the Year	630.76	-
	1,431.39	-
SCHEDULE - 3		
SECURED LOANS :		
Working Capital facilities	2,209.45	-
Term Loans	3,084.72	-
	5,294.17	-



Schedule 4 - Fixed Assets

Rs. In lakhs

Sl.	Particulars	Gross Block					Depreciation				Net Block	
		Opening Balance	Transferred Pursuant to Demerger	Additions	Deductions / Adjustments	As on 31/03/11	Opening Balance	For the year	Deductions / Adjustments	As on 31/03/11	As on 31/03/11	As on 31/03/10
1	Plant & Machinery		77.87	3.90	-	81.77		3.74	-	3.74	78.02	-
2	Electrical Installation		28.80	-	-	28.80		1.37	-	1.37	27.43	-
3	Office Equipments		19.71	1.09	-	20.80		0.96	-	0.96	19.84	-
4	Computers		25.36	1.87	1.23	26.00		11.28	1.18	10.10	15.90	-
5	Computer Software		16.37	-	-	16.37		6.55	-	6.55	9.82	-
6	Vehicles		44.71	30.21	2.34	72.58		8.60	1.78	6.82	65.76	-
7	Furniture & Fixtures		650.89	103.85	40.96	713.77		76.93	38.73	38.20	675.58	-
	Total	-	863.71	140.91	44.52	960.10	-	109.43	41.69	67.74	892.36	-

Schedules annexed to and forming part of the Accounts

Rs. In lakhs

Particulars	As at Mar-11	As at Mar-10
SCHEDULE - 5		
INVENTORIES :		
(as certified by the Management)		
Raw Materials	361.72	-
Trims and Packing Materials	112.07	-
Work-in-Progress	61.80	-
Finished Goods / Traded Goods	2,290.09	-
Goods in Transit	278.46	-
	3,104.14	-
SCHEDULE - 6		
SUNDRY DEBTORS :		
More than six months - unsecured & considered good	482.57	-
Others	4,000.19	-
	4,482.77	-
SCHEDULE - 7		
CASH AND BANK BALANCES :		
Cash on hand	0.59	-
Balance with Scheduled Banks		
in Current Account	288.05	3.76
in deposit Account	24.39	-
	313.02	3.76
SCHEDULE - 8		
OTHER CURRENT ASSETS :		
Duty Drawback receivable	0.71	-
Cenvat Receivable	0.55	-
Excise Duty Paid in Advance	14.89	-


Schedules annexed to and forming part of the Accounts
Rs. In lakhs

Particulars	As at Mar-11	As at Mar-10
SCHEDULE - 9		
LOANS AND ADVANCES :		
Advance Recoverable in cash or in kind for value to be received	131.84	-
Advance Income Tax	129.36	-
Tax Deducted at Source	1.30	-
Deposits-Government or Public Bodies	4.52	-
Deposits-others	509.14	-
	776.16	-
SCHEDULE - 10		
CURRENT LIABILITIES :		
Sundry Creditors		
- Trade	1,122.68	-
- Expenses & Others	736.01	-
Other Current Liabilities	423.91	0.01
	2,282.60	0.01
SCHEDULE - 11		
INCOME FROM OPERATIONS		
Domestic Sales (Gross)	12,221.57	-
Export Sales	15.13	-
Export Incentives	0.71	-
	12,237.40	-
SCHEDULE - 12		
OTHER INCOME :		
Interest Accrued / Received on Fixed Deposits	1.66	-
Others	63.57	-
	65.22	-
SCHEDULE - 13		
INCREASE/(DECREASE) IN STOCK :		
Closing Stock		
- Finished Goods / Traded Goods	2,568.56	-
- Stock in Process	61.80	-
Stock Transferred Pursuant to Demerger	-	-
- Finished Goods / Traded Goods	1,334.90	-
- Stock in Process	140.55	-
INCREASE / (DECREASE) IN STOCK	1,154.91	-
SCHEDULE - 14		
COST OF MATERIALS :		
Stock Transferred Pursuant to Demerger	353.29	-
Add: Purchases		
-- Rawmaterials (Including Packing Materials)	3,955.85	-


Schedules annexed to and forming part of the Accounts
Rs. In lakhs

Particulars	As at Mar-11	As at Mar-10
-- Finished Goods	1,707.83	-
Less: Closing Stock of Raw Materials	473.79	-
	5,543.18	-
SCHEDULE - 15		
EMPLOYEE COSTS :		
Salaries, Bonus & Exgratia	527.46	-
Statutory Contributions	28.17	-
Welfare Expenses	22.75	-
	578.38	-
SCHEDULE - 16		
OTHER OPERATING EXPENSES :		
Garment Processing & Washing Charges	1,862.39	-
Warehousing Costs	154.49	-
	2,016.89	-
SCHEDULE - 17		
ADMINISTRATIVE & OTHER COSTS :		
Rates and Taxes	23.11	
Consultancy Charges	58.12	
Traveling & Conveyance	95.78	
Printing & Stationery	5.12	
Repairs & Maintenance	7.22	
Vehicle Fuel & Repairs	0.20	
Insurance	11.55	
Communication Expenses	29.56	
Auditors' remuneration		
- Statutory Audit	3.94	
- Tax audit fees	0.66	
- Certification and Reimbursement of Expenses	-	
Directors sitting fees	0.38	
Remuneration to Directors	24.00	
Books, Periodicals & Subscriptions	1.48	
	261.11	
SCHEDULE - 18		
SELLING & DISTRIBUTION COSTS :		
Advertisement	765.22	
Selling Commission & Discounts	1,801.46	
Bad Debts written off	65.88	
Entertainment & Sales Promotion Expenses	27.44	
Export Expenses	0.07	
Exclusive Retail Outlet Expenses	674.78	
Distribution Costs	289.23	
	3,624.09	



Schedule # 20 to the Balance Sheet Dated 31st March 2011

Schedules annexed to and forming part of the Accounts

		Rs. In lakhs
Particulars	As at Mar-11	As at Mar-10
SCHEDULE - 19		
FINANCE COSTS :		
Interest - Term Loan	253.90	
Interest - Working Capital & Others	219.34	
Bank Charges	74.50	
	547.74	

Schedule # 20 to the Balance Sheet Dated 31st March 2011

Significant Accounting Policies and Notes on Accounts

I NOTES ON ACCOUNTS:

Sl #	Particulars
1	Accounting Convention: The Financial Statements are prepared on accrual basis and in accordance with the requirements of the Companies Act, 1956 and the applicable Accounting Standards.
2	Fixed Assets & Depreciation: a Fixed Assets are stated at cost of acquisition (inclusive of all incidental expenses incurred towards acquisition and installation thereof) less accumulated depreciation there on b Depreciation on Fixed Assets acquired is calculated on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956
3	Inventories: a Raw Materials and Components are valued at lower of Cost or Net Realizable Value. Cost of the said is computed by applying Specific Identification Method. b Work in Progress and Finished Goods are valued at lower of Cost or Net Realizable Value. Cost of these inventories includes Costs of Conversion and Other Costs incurred in bringing them to the present location and condition.
4	Revenue Recognition: Sales net of trade discounts and rebates are recorded when the significant risks and rewards of ownership are transferred. Consignment Sales are accounted on the basis of Sales Memo received from Consignees. Export Sales are accounted on the basis of the dates of Bill of Lading, other delivery documents as per the contract. Export Incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
5	Employees' Benefits: Provident Fund is defined contribution plan and charged to Profit & Loss Account on accrual basis with corresponding contribution to recognised funds. Leave Entitlement is short term employees benefit and determined arithmetically and charged to Profit & Loss Account on accrual basis. Gratuity Liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of the financial year. The Company did not have an independent Gratuity Policy as on 31st March 2011. The employees of the Company were covered under the Policy taken by Celebrity Fashions Limited. Gratuity Liability pertaining to the Company's employees were determined specifically by the Actuaries and accordingly the same was provided in the Books of Accounts.
6	Taxation: Consequent to Demerger, the Company will have a portion of Accumulated losses and unabsorbed depreciation transferred from Celebrity Fashions Limited and hence the Company will not be subjected to Income Tax. However the Company is subject to Minimum Alternate Tax of Rs.1.29 crs which has been grouped under Advance Income Tax and is not charged to Profit and Loss Account.



Schedule # 20 to the Balance Sheet Dated 31st March 2011

7 Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to maximum of depreciated historical cost and is accordingly reversed in the profit and loss account. In the opinion of the Management, Current Assets, Loans and Advances have a value of at least equal to the amounts shown in the Balance Sheet, if realised in the due course of the business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.

8 Provisions and Contingent Liabilities:

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

Significant Accounting Policies and Notes on Accounts

II NOTES ON ACCOUNTS:

Rs. in Lakhs

Sl.No.	Particulars	31-03-2011
1	<p>The Company was incorporated on 29th September 2009 with an object of taking over the business of manufacturing, distributing, trading and retailing ready-made garments and accessories under the brand name, "Indian Terrain" (referred as the Domestic Division or the Demerged Division).</p> <p>Under a Scheme of Arrangement sanctioned by the Honorable High Court of Madras under Section 391 to 394 of the Companies Act, 1956 between Celebrity Fashions Limited, Indian Terrain Fashions Limited and its respective Shareholders and Creditors, the domestic division of Celebrity Fashions Limited be demerged into Indian Terrain Fashions Limited with effect from 1st April 2010 (Appointed Date).</p> <p>The Scheme became effective from 3rd September 2010 (Effective Date) upon which:</p> <p>The Business and operations of the Domestic Division were deemed to be vested with the Company with retrospective effect from 1st April 2010. Consequently,</p> <p>a) The related assets and liabilities of the Demerged Division, including those specifically identified in the scheme at the close of business on 31st March 2010 were deemed to have been transferred to the Company on 1st April 2010.</p> <p>b) The Business of the Demerged Division was deemed to have been carried out by the Demerging Company (Celebrity Fashions Limited) in trust for the Company till the date of transfer.</p> <p>c) The said transfer and vesting of the business and the assets of the Division were deemed to be on a going concern basis.</p> <p>d) The Accounting treatment has been effected as specified in the Scheme.</p> <p>e) The Original Share Capital of the Company stands cancelled. Formalities for issuance and allotment of fresh share capital have been completed and all effects for the same have been given in the Balance Sheet.</p>	
2	<p>Secured Loans:</p> <p>The loans under the Multiple Banking Arrangement have been secured as under:</p> <p>First Charge on Inventories in the form of Raw Materials, Stock In Process and Finished Goods, Receivables and other current assets of the Company both present and future for the loans in the form of Cash Credit, Export Packing Credit, Export Bills Discounting facility extended by State Bank of India.</p> <p>First Charge on paripassu basis by way of hypothecation of Company's current assets including stock and book debts against the Termloans extended by State Bank of India and HDFC Bank.</p> <p>Collateral Securities:</p> <p>First Charge to State Bank of India and Second Charge on to HDFC Bank for Termloans on the following:</p> <p>1. Hypothecation of entire plant & machinery of Indian Terrain Fashions Limited (ITFL).</p> <p>Loans from State Bank of India is further secured by Pledge of Promoters Shares in the Company to an extent of 15,29,290 Equity Shares,</p> <p>Personal Guarantee by Promoters and Assignment of Indian Terrain Brand. Brand Assignment documentation with State Bank of India is pending as on date.</p> <p>Loans from HDFC Bank is further secured by Pledge of Promoters Shares in the Company to an extent of 2,28,570 Equity Shares.</p> <p>Sanction letter from HDFC Bank for the Segregation of Limits pursuant to Demerger is pending to be received.</p>	5,294.17


Schedule # 20 to the Balance Sheet Dated 31st March 2011

3	Contingent Liabilities not provided for: Gurantees given by Banks and counter guranteed by the Company. On account of Letters of credit issued by Bankers on behalf of the Company. Service Tax payable in respect of Commercial Properties taken on rent by the Company amounting to Rs.73,02,369/- are unpaid, since the Company has filed stay petition against the levy of the same. However, the Company has provided for the same in the books as a matter of prudence. The Banks have extended concessional interest rate for the Credit facilities sanctioned to the Company. As per the terms of the Sanction letter, Banks have the right of recompense in future for the sacrifice extended upto 31st March 2011.	- 239.11												
4	Deferred Tax Liability / (Asset) arising on account of Timing Differences on: Depreciation Others	18.31 -												
5	Earnings Per Share: Net Profit for the year before Extra-Ordinary Item Net Profit for the year after Extra-Ordinary Item Weighted average number of Equity Shares outstanding Nominal Value per Share - Rs. Earnings per Share - Basic and Diluted - Annualised Before Extra-Ordinary Items - Rs. After Extra-Ordinary Items - Rs.	630.76 630.76 55,81,331 10.00 11.30 11.30												
6	Managerial Remuneration: Directors Remunerations Remuneration excludes: 1. Communication facilities at Residence of Directors 2. Company Car for Company's business including the Cost of the Vehicle, maintenance and chauffer salary 3. Medical Insurance Premium Managerial Remuneration is paid as per the provisions of Section I of Part II of Schedule XIII of the Companies Act, 1956. The Computation of Profits under Section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Directors.	24.00												
7	Segmental Information: The Company operates exclusively in the segment of garments. This in the context of Accounting Standard 17 (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India constitutes one single primary segment.													
8	Disclosure in respect of Related Parties pursuant to Accounting Standard 18 a Key Managerial Personnel: Mr. V.Rajagopal Mrs. Rama Rajagopal, Mr.S.Suryanarayanan b Enterprises under Control or Significant Influence of Key Managerial Personnel: M/s Celebrity Fashions Limited, M/s Celebrity Clothing Limited, M/s Celebrity Connections													
c	Transactions carried out with Related Parties during the Year <table> <tr> <th>Nature of the Transaction</th><th>Key Managerial Personnel</th><th>Enterprises under Same Management</th></tr> <tr> <td>Managerial Remuneration</td><td>24.00</td><td></td></tr> <tr> <td>Consultancy Charges</td><td>4.00</td><td></td></tr> <tr> <td>Jobwork Charges, Material Purchases and Administrative Expenses</td><td></td><td>1,910.32</td></tr> </table>	Nature of the Transaction	Key Managerial Personnel	Enterprises under Same Management	Managerial Remuneration	24.00		Consultancy Charges	4.00		Jobwork Charges, Material Purchases and Administrative Expenses		1,910.32	
Nature of the Transaction	Key Managerial Personnel	Enterprises under Same Management												
Managerial Remuneration	24.00													
Consultancy Charges	4.00													
Jobwork Charges, Material Purchases and Administrative Expenses		1,910.32												
d	Outstanding Balance as on 31.03.11 Payable as Managerial Remuneration Gross Sundry Payable against Jobwork Charges and Material Purchases Less: Cheques issued and not presented for payment as on 31st March 2011 Net Payable	2.00 513.67 (450.00) 63.67												



9	Information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956:	
I	Aggregate Expenses	
	Rent including Common Area Maintenance Charges	627.78
	Electricity Expenses	65.64
II	Earnings in Foreign Currencies:	
	Export of Goods - FOB Value	15.13
III	Expenditure in Foreign Currencies:	
	Traveling expenses	8.98
V	Value of Imports:	
a	Raw materials	48.07
b	Capital Goods	-
VI	Imported and Indegenious Consumption:	
	Imported	
	-- Rs. In lakhs	48.07
	-- % to Total	0.9%
	Indigenous	
	-- Rs. In lakhs	5,495.12
	-- % to Total	99.1%
VII	Particulars of Finished and Traded Products (Quantity in Pieces)	
	Stock transferred Pursuant to Demerger	
	-- Quantity	3,36,988
	-- Rs. In lakhs	1,334.90
	Production	15,78,272
	Sales	14,01,152
	Closing Stock	
	-- Quantity	5,14,108
	-- Rs. In lakhs	2,568.56
10	The Company has not received any information/memorandum (as required to be filed by the supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act,2006) claiming their status as on 31st March 2011 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to such parties during the year is disclosed as Nil.	
11	This being the first year of operation of the Company after demerger of Domestic Division from Celebrity Fashions Limited, -- Statement of Cashflows has not been drawn up under the Indirect Method -- Previous year figures, if any, are not comparable.	

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 175S
G.Anil
Partner
Membership # 22450
Chennai, 30 May 2011

For CNGSN & Associates
Chartered Accountants
Registration # 4915S
C.N.Gangadaran
Partner
Membership # 11205

For and on Behalf of the Board
V. Rajagopal
Chairman & Managing Director
S. Surya Narayanan
Director
J. Manikandan
Company Secretary


Cashflow Statement for the year ending 31st March 2011

Sl. No.	Particulars	2010-11 Rs. in Lakhs	
A	Cashflow from Operating Activities		
	Net Profit before Tax and before Extra-Ordinary Items		649.07
	Adjustments for:		
	Depreciation for the Year	109.43	
	Bad Debts written off	65.88	
	Miscellaneous Expenditure Written off	1.25	
	Interest & Finance Charges paid	473.25	
	Interest Income	1.66	
		-	651.46
	Operating Profit before Working Capital Changes		1,300.53
	Adjustments for:		
	Decrease / (Increase) in debtors and other receivables	(5,210.30)	
	Decrease / (Increase) in inventories	(3,104.14)	
	Increase / (Decrease) in creditors and other payables	2,153.23	(6,161.21)
	Cash generated from Operations		(4,860.68)
	Income Taxes Refund / (Paid) (net)		(1.30)
	Net Cash from Operating Activities		(4,861.98)
B	Cashflow from Investing Activities		
	Proceeds from Sale of Fixed Assets	2.83	
	Transfer of Fixed Assets - Demerger	(863.71)	
	(Purchase) / Sale of Investments (net)	(140.91)	
	Interest Received	(1.66)	(1,003.44)
	Net Cash (Used In) / from Investing Activities		(1,003.44)
C	Cashflow from Financing Activities		
	Share Capital	553.13	
	Reserve created pursuant to Demerger	800.63	
	Short Term Borrowings	2,209.45	
	Term loan Receipts (Net)	3,084.72	
	Interest and Finance Charges paid	(473.25)	6,174.69
	Net Cash (Used In) / from Financing Activities		6,174.69
	Net Increase in Cash and Cash Equivalents		309.27
	Cash and Cash Equivalents (Opening Balance)		3.76
	Cash and Cash Equivalents (Closing Balance)		313.02

Note:

- 1 The above statement has been prepared on the basis of indirect method as stipulated in Accounting Standard 3
- 2 Cash and Cash equivalents represents
- 3 -- Cash balances
-- Bank balances

In the absence of operations in Previous Year, there were no significant cash flow movements.

To be read with our report of even date

For Anil Nair & Associates
Chartered Accountants
Registration # 175S

For CNGSN & Associates
Chartered Accountants
Registration # 4915S

For and on Behalf of the Board

G.Anil
Partner
Membership # 22450
Chennai, 30 May 2011

C.N.Gangadaran
Partner
Membership # 11205

V. Rajagopal
Chairman & Managing Director
J. Manikandan
Company Secretary

S. Surya Narayanan
Director



Balance Sheet Abstract and Company's general business profile

I. Registration Details

Registration No.

0	7	3	0	1	7
3	1	0	3	1	1

State Code

1	8
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Balance Sheet Date

II. Capital raised during the year (Amount in thousands)

Public Issue

			N	I	L
			N	I	L
			N	I	L
			N	I	L
	5	5	8	1	3

Bonus Issue

Rights Issue

Private Placement

Shares issued pursuant to Demerger

III. Position of mobilisation and deployment of funds (Amount in Lakhs)

Total Liabilities

		7	3	0	2
		7	3	0	2

Total Assets

Source of Funds

Paid up Capital

			5	5	8
		1	4	3	2
		5	2	9	4
				1	8

Reserves & Surplus

Secured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets

			8	9	2
			N	I	L
		6	4	1	0
			N	I	L
			N	I	L

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV. Performance of company (Amount in lakhs)

Turnover (Including Other Income)

	1	2	1	7	6
	1	1	5	2	7
			6	4	9
			6	3	1
	1	1	.	3	0
			N	I	L

Total Expenditure

Profit / Loss before tax

Profit / loss after tax

Earning per share in Rs.

Dividend rate %

V. Generic Names of Principal Products (as per monetary terms)

Item Code No. (ITC Code)

6	2	0	5
Men's Shirts			
6	2	0	3
Men's Trousers			
6	1	0	9
Men's T-Shirts			

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

To be read with our report of even date

For Anil Nair & Associates

Chartered Accountants

Registration # 175S

G. Anil

Partner

Membership # 22450

Chennai, 30 May 2011

For CNGSN & Associates

Chartered Accountants

Registration # 4915S

C. N. Gangadaran

Partner

Membership #11205

For and on Behalf of the Board

V. Rajagopal

Chairman and Managing
Director

S. Surya Narayanan

Director

J. Manikandan

Company Secretary



Indian Terrain Fashions Limited

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

Proxy Form

Regd Folio No. /DP/ Client ID

I / We of being a member / members of the Company hereby appoint of or failing him / her of as my / our proxy, to vote for me / us on my behalf at the second Annual General Meeting of the Company to be held on Friday, the 30th day of September 2011, at 11.00 A.M. at Registered Office situated at NO. 208, Velachery, Tambaram Road, Narayanapuram, Pallikaranai, Chennai-600 100 and at any adjournment thereof. Signed this day of 2011.

Signature

Re.1.00
Revenue
Stamp

Notes : This form in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Indian Terrain Fashions Limited

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

ATTENDANCE SLIP

Regd Folio No. /DP/ Client ID

No.of Shares held

I certify that I am member / proxy for the member of the Company.

I hereby record my presence at the Second Annual General Meeting of the Company at the Registered Office situated at NO. 208, Velachery, Tambaram Road, Narayanapuram, Pallikaranai, Chennai-600 100 at 11.00 A.M. on Friday, the 30th day of September 2011.

.....
Name of the Member / Proxy

.....
Signature of member / Proxy

Note : Please fill the Attendance slip and hand it over at the entrance of the meeting hall.
Members are requested to bring their copies of the Annual Report to the Meeting.

Book - Post

If undelivered please return to

Indian Terrain Fashions Limited

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