

INDIAN TERRAIN FASHIONS LIMITED

Registered Office: No.208, Velachery, Tambaram Road, Narayanapuram, Pallikaranai, Chennai 600 100.
 Tel: +91-44 4345 3000 Fax: +9144 4345 3202 Website: <http://www.indianterrain.com> Company
 Secretary & Compliance Officer: Mr.J.Manikandan. Email:investorservices@indianterrain.com

Indian Terrain Fashions Limited, incorporated as a public limited company on 29th September, 2010 with the objective of carrying on manufacture, trade, deal, sell design and export/import all kinds of garments of gentlemen, ladies and children, etc.

INFORMATION MEMORANDUM FOR LISTING OF 55,81,331 EQUITY SHARES OF RS. 10/- EACH FULLY PAID-UP NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM
GENERAL RISKS
Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in the equity shares of INDIAN TERRAIN FASHIONS LIMITED unless they can afford to take the risk of losing their investment. Investors are advised to read Risk Factors carefully before taking an investment decision in the shares of INDIAN TERRAIN FASHIONS LIMITED. For taking an investment decision, investors must rely on their own examination about the Company including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI), nor does SEBI guarantees the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors of this Information Memorandum.
ISSUER'S ABSOLUTE RESPONSIBILITY
INDIAN TERRAIN FASHIONS LIMITED, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to INDIAN TERRAIN FASHIONS LIMITED, which is material, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
LISTING
The Equity Shares of INDIAN TERRAIN FASHIONS LIMITED are to be listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has submitted this Information Memorandum with BSE & NSE and the same is also available on the Company's website http://www.indianterrain.com The Information Memorandum would also be made available on the website of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in)
REGISTRAR AND SHARE TRANSFER AGENT
Link Intime India Private Limited Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound ,LBS Marg, Bhandup (W), Mumbai – 400 078 Tel. No.022-25963838 Fax No.022-25946969 Email:Mumbai@linkintime.co.in Contact Person: Mr.Mahadevan Iyer, Vice President (Corporate Registry)

SR.	PARTICULARS	PAGE NO.
I.	DEFINITIONS & ABBREVIATIONS	3
II.	RISK FACTORS AND MANAGEMENT PERCEPTIONS THERETO	7
III.	GENERAL INFORMATION	14
IV.	CAPITAL STRUCTURE	17
V.	OBJECT OF THE SCHEME OF ARRANGEMENT	21
VI.	SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT	23
VII.	STATEMENT OF POSSIBLE TAX BENEFITS	30
VIII.	COMPANY HISTORY AND MANAGEMENT	35
IX.	OVERVIEW OF ORGANISATION STRUCTURE & SENIOR MANAGEMENT PERSONNEL	42
X.	PROMOTERS AND SUBSIDIARY COMPANIES	46
XI.	FINANCIAL STATEMENTS	50
	LATEST AUDITED FINANCIAL STATEMENTS	55
XII.	DETAILS AND FINANCIAL HIGHLIGHTS OF COMPANIES UNDER SAME MANAGEMENT	58
XIII.	MANAGEMENT DISCUSSION AND ANALYSIS	63
XIV.	OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS	64
XV.	GOVERNMENT APPROVALS	64
XVI.	REGULATORY AND STATUTORY DISCLOSURES	64
XVII.	IMPORTANT CLAUSES OF ARTICLES OF ASSOCIATION OF THE COMPANY	69
XVIII.	MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	87
XIX.	DECLARATION	87

I. DEFINITIONS & ABBREVIATIONS

The Act	The Companies Act, 1956 and subsequent amendments thereto
Appointed Date	Appointed date means April 01, 2010 as approved under the Scheme of Arrangement by the Hon'ble High Court of Judicature at Madras vide its order dated August 16, 2010
Articles	Articles of Association of Indian Terrain Fashions Limited
Auditors	The Statutory Auditors of Indian Terrain Fashions Limited
Board	Board of Directors of Indian Terrain Fashions Limited
ITFL / The Company / Transferee / Resulting Company	ITFL / The Company / Transferee / Resulting Company means Indian Terrain Fashions Limited, company incorporated under the Companies Act, 1956
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996 and subsequent amendments thereto
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
DP	Depository Participant registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
Equity Shares	Fully paid-up equity shares of Rs.10/- each of the Company
Equity Shareholders	Equity Shareholders of the Company
FII's	Foreign Institutional Investors registered as Foreign Institutional Investors with SEBI
Financial Year / Fiscal / F.Y.	Period of 12 months ending on 31st March every year, unless otherwise stated
Information Memorandum	This Information Memorandum filed with the stock exchanges
IT Act	Income Tax Act, 1961 and subsequent amendments thereto
MCA	Ministry of Corporate Affairs
MOA	Memorandum of Association of Indian Terrain Fashions Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
RBI	Reserve Bank of India
Record Date	Record Date means October 27, 2010, the date announced by Celebrity Fashions Limited as Record Date pursuant to the Scheme of Arrangement.
Registrar and Share Transfer Agent / Registrars / LIPL	Registrar & Transfer Agents means Link Intime India Private Limited, as approved by the Company
ROC	Registrar of Companies, Tamilnadu at Chennai

INFORMATION MEMORANDUM

Scheme / Scheme of Arrangement	Scheme of Arrangement between Celebrity Fashions Limited and Indian Fashions Limited and their respective shareholders, for Demerger of Domestic Division of Celebrity Fashions Limited to Indian Terrain Fashions Limited. Aforesaid Scheme was approved by the Hon'ble High Court of Judicature at Madras on 16 th August, 2010 and became effective from September 03, 2010 on filing of the Certified copy of the order of Hon'ble High Court of Judicature at Madras by ITFL with the Registrar of Companies, Tamilnadu, Chennai
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto
SEBI Guidelines	Extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended, including instructions and clarifications issued by SEBI from time to time
CFL / Transferor Company / Demerged Company	CFL / Transferor Company / Demerged Company means Celebrity Fashions Limited, company incorporated under the Companies Act, 1956
“We” or “us” and “our”	Refers to Indian Terrain Fashions Limited

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Information Memorandum, the terms “Indian Terrain Fashions Limited”, “our Company”, “we”, “us” and “our” unless the context otherwise indicate or implies, refers to Indian Terrain Fashions Limited, a public company incorporated under the Companies Act, 1956.

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP and audited by our statutory auditors. Our fiscal year commences on 1st April and ends on 31st March. Hence all references to a particular fiscal year are to the twelve month period ended March 31 of that year.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

For definitions, please see the section titled “Definitions & Abbreviations” of this Information Memorandum.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD-LOOKING STATEMENTS

We have included statements in this Information Memorandum which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements, actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- General economic and business conditions in India and other countries;
- Regulatory changes and our ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans;
- Technological changes;
- Exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments;
- Monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates of prices, the performance of the financial markets in India and globally;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialise.

II. RISK FACTORS AND MANAGEMENT PERCEPTIONS THERETO

An investment in equity securities involves a high degree of risk. Investors should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in our Equity Shares. The Risk Factors discussed below are not exhaustive. Occurrence of any of the following risks as well as the other risks and uncertainties whether discussed or not discussed in this Information Memorandum could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss to the investor.

This Information Memorandum contains forward-looking statements. For a discussion of forward looking statements, please refer to Forward-Looking Statements in this Information Memorandum. These statements are based upon information that is currently available to us and/or management's current expectations, speak only as the date hereof, and are subject to certain risks and uncertainties. Actual results of the Company could differ materially from those discussed in, implied by or anticipated in these forward-looking statements as a result of certain factors, including, without limitation, the risks, uncertainties and considerations described below and elsewhere in this Information Memorandum. Unless expressly specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implications of any one of the risks mentioned herein.

Any potential investor in the Company should pay particular attention to the fact that the Company is located and governed by the laws and regulatory environment prevailing in India. Investors are advised to obtain professional guidance from their tax and legal advisors before making investments.

Internal Risk Factors

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

1. We face competition from domestic and international brands/players that may adversely affect our competitive position and our profitability.

The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue. Though the Indian retail industry is expected to grow at a CAGR of 25% in the years to come, this lucrative growth is likely to result in increased competition in the branded retail space which may negatively affect our revenues and profitability. Moreover, domestic and international competitors may be having greater financial and marketing resources than we do.

2. Availability of Retail Real Estate on competitive terms is critical for the successful operations of the Company.

Retail business is predominantly dependant on the availability of appropriate Real Estate on competitive terms and any change in the rentals/ prices / levy of taxes by the central and/or local government may adversely affect the business of the Company.

3. Competition may impede our ability to renew leases or licenses entered into by us for premises.

The Company's growth depends on setting up of new stores, apart from increasing business in existing stores. We face competition from other retailers who compete for scarce real estate resources. We may not be able to renew our leases or licenses on terms acceptable to us. In the event that any of our leases or licenses are not renewed, and we are required to vacate our stores, we may be required to identify alternative real estate and enter into fresh lease or leave and license agreements which could result in loss of business and may adversely affect our operations and profitability.

4. Any defects in the title or ownership rights of our landlords from whose premises we operate may impede the effective operations of our stores in the future

The premises from which we operate our stores are taken by us on long term lease or sub-lease or leave and license or on conducting basis and/or on the basis of other contractual agreements with third parties. Any adverse impact on the title / ownership rights of our landlords from whose premises we operate our stores may impede our business, our operations and our profitability. The financial impact of the aforesaid risk cannot be quantified. Additionally, some of our lease agreements may prescribe a lock-in period. These lock in periods prevent us from moving our stores in the event that there are events or circumstances that impede our profitability. Any such event and such restrictive covenants in our lease agreements affect our ability to move the location of our stores and may adversely affect our business, financial condition and results of operations.

5. The success of our business is highly dependent on the number of customers that visit our stores.

Various factors affect customer footfalls, including choice of location and brand pull. Factors such as the regional economy, weather conditions, natural disasters, social unrest also affect our result from operations Force majeure events, particularly those affecting the states where are stores are located, could adversely affect our business.

6. Changes in Consumer Preferences and spending patterns and the consequent impact on our sales and profitability.

The fashion industry in which the Company operates is highly creative, competitive and rapidly-changing. Any inability on the part of the Company to perceive and capitalize on prevailing trends, timely forecast of changing trends or failure to keep pace with the rate of such change will affect its growth prospects. Also, the Company's business is cyclical and subject to seasonal fluctuations as the range of products in the garment/apparel business changes according to the season. Apparels do have a tendency of going out of fashion and unless we continue to innovate and catch up with the latest trends there is a possibility that the popularity of our products will decline, resulting in decreased sales. Further, any slow down or downturn in the Indian economy could adversely affect consumer spending which in turn is likely to directly impact our sales and results of operation.

7. The Company's profitability may decline as a result of increasing pressure on margins.

Our industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products and changes in consumer demand. These factors may cause us to reduce our prices to retailers and consumers, which could cause our gross margin to decline if we are unable to offset price reductions with comparable reductions in our operating costs. If our gross margin declines and we fail to sufficiently reduce our costs of goods sold or grow our net revenues, our profitability will decline, and we could incur operating losses that we may be unable to fund or sustain for extended periods of time, if at all. This could have a material adverse effect on our results of operations, liquidity and financial condition and could result in a decline in the price of Equity Shares.

8. The success of our business is largely dependent upon our senior management and key personnel and our ability to attract and retain them could adversely affect our businesses

We have a strong team of professionals to oversee the operations and growth of our businesses. Our ability to sustain our growth depends, largely on our ability to attract, motivate and retain highly skilled personnel. An increase in the rate of attrition for our experienced employees, would adversely affect our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those personnel who leave. The loss of the services of such personnel and our inability to track fresh talent could adversely affect our sales and profitability.

9. The Company's availment of existing credit facility, which, if withdrawn, may cause cash flow problems.

The Company has availed of credit facilities, which, if withdrawn, would cause financing or working capital difficulties and adversely impact the operations and profitability of the Company.

10. The Company operates out of the Exclusive Brand Outlets & Multi Brand Outlets

The Company is in the core business of running its Exclusive Brand Outlets and depends on the performance of each individual brand outlet. Hence the failure or performance of the Brand Outlet / MBO's in the market plays an important role and may effect the business of the Company.

11. Negative publicity if any, would adversely affect the value of the brands that we sell or are proposing to sell in the near future which in turn will affect our sales and profitability

Our business is dependent on the trust our customers have in the quality of our merchandise. Any negative publicity regarding the Company, brands, or products, including those arising from a drop in quality of merchandise, mishaps at our stores, or any other unforeseen events could adversely affect our reputation our brand value, our operations and our results from operations.

12. Losses on account of shrinkage can negatively impact our profitability

Shrinkage in the retail business is defined as the loss in inventory on account of a combination of employee theft, shoplifting and administrative error. The retail industry the world over is affected by shrinkage. Any increase in shrinkage levels at our existing and future stores can adversely impact results from operations.

13. We face the risk of potential liabilities from lawsuits or claims by consumers

We may face the risk of legal proceedings and claims being brought against us by our customers / consumers for any defective product sold. We could also face liabilities should our customers / consumers face any loss or damage due to any unforeseen incident such as fire or accidents in our stores, which could cause financial or other damage to our customers / consumers. Any commencement of lawsuits as envisaged above could reduce our sales and resultant profitability.

14. Change in government policies and political Environment.

Changes in the policies of the Central and State government / bodies may effect the business of the Company.

The following are the Risk Factors which may also be considered by the investors with respect to their investment decision. The list of Risk Factors mentioned herein is not exhaustive and the explanations given there under may not be complete.

15. Statistical and financial data in this Information Memorandum may be incomplete or unreliable and potential investors should obtain independent verification of such information as they deem necessary.

The Company has not independently verified data from third party sources, including data contained in industry publications, and therefore cannot assure investors that these data are complete or reliable.

16. There are many factors that make predicting the future operating results of the Company very difficult, and the Company can provide no assurances that its forecasts will materialize.

Several factors may affect the future operating results of the Company, many of which are beyond the control of the Company. The operating results of the Company are difficult to predict and past performance of the Company may not be indicative of future performance. Several factors may have an adverse effect on the future performance of the Company, including, but not limited to, changes in growth and demand for the Company's products, a shift in consumer preferences, changes in government policies (both domestically and globally), a decrease in the sales price of the Company's goods, an increase in the cost of raw materials, including fuel and other energy costs, changes in import tariffs and domestic duties on raw materials, changes in tax and excise policies, changes in other incentives applicable to the Company or its products, an increase in the costs associated with the Company's financing, currency fluctuations, an increase in transportation costs or the disruption of transportation due to labour shortages, strikes or other reasons, strikes or work stoppages of the Company's employees or employees of supporting manufacturers, accidents, natural disasters, acts of terrorism, the outbreak of disease or heavy rains.

17. Investors will not be able to immediately sell Equity Shares on an Indian stock exchange.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. There can be no assurance that trading in such shares will commence within the time periods specified herein.

18. Some of our trademarks and copy rights have not been registered.

Some of our trademarks are not registered, in the event we are not able to obtain registrations in respect of the trademark we may not obtain statutory protections available in respect of a registered trademark.

19. Covenants with lenders may restrict our operations, our capacity to expand, distribute dividends etc.

Certain covenants in our financing agreements require us to obtain approval from financial institutions inter alia before undertaking new projects or expansion of the existing facilities, making any new investments, issuing new security (debt or equity) including shares being issued in this Issue, making changes to our capital structure, distributing dividends to our shareholders.

20. Our inability to identify evolving fashion trends and create new designs may adversely affect our business.

Our Company is in the business of designing, manufacturing and selling apparels. Any failure on our part to keep updated with the latest trends in the fashion industry may adversely affect the competitiveness and ability to deliver newer products to the target segment.

21. We dependent on few suppliers for our raw material.

We depend on few suppliers for our raw material specially fabric which is our main raw material input. Any delay on availability of required raw material or any other item of production in appropriate quantity and right quality at the right time may lead to cancellation of orders. Further any delays or non conformance to quality requirements by our suppliers can impact our ability to meet our customer's requirements and thus impact our business continuity in the long term.

22. All our stores present and proposed are not on ownership basis but taken on contractual agreement basis which are in the nature of leave and license agreements or lease. Any deficiency in the title/ownership rights/development rights of the owners leading to disputes may impede the operation of our stores.

All our stores are presently on lease or leave and license from third parties. Any deficiency in title of such third parties may lead to legal implications which can result in us having to vacate the premises or increase our cost of operation thus affecting our profits.

23. We may continue to be controlled by our Promoters and our shareholders may not be able to affect the outcome of shareholding voting.

Our Promoters collectively hold 46.78% of the outstanding equity shares. Consequently, our Promoters may exercise substantial control over us and inter alia may have the power to elect our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions/joint ventures.

24. Our business is dependent on our Outsourcing manufacturing facilities. The loss of shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent on our Outsourcing manufacturing facilities. The significant portion of manufacturing is outsourced through Celebrity Fashions Limited. The principal manufacturing facilities at Chennai are subject to operating risks, such as the break down or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results.

25. We do not have a tract record for consistent payment of dividends on Equity Shares

We have not declared or paid any cash dividends on the equity shares since inception. The future payment of dividend, if any would be based on the then available distributable profits and recommendations of our Board of Directors.

26. Foreign Currency Risk.

We import raw materials in addition to domestic sourcing and hence subject to foreign currency risk. We are exploring exports opportunities for our products and hence will be subject to foreign currency risk in the sale realization.

27. Legal and regulatory proceeding that have been initiated against Celebrity Fashions Private Limited, which if determined against us can have a material adverse impact on us.

Metropolitan Trading Company, a partership firm has filed a civil suit against Celebrity Fashions Private Limited in the High Court of Calcutta for alleged infringement of copyright of their registered design of the 'three hole button' which Celebrity Fashions Private Limited has used for the manufacturing of shirts. The Petitioners in this case have prayed for temporary injunctions restraining Celebrity Fashions from further infringement, further manufacturing or using these buttons in articles, shirts or other materials which are manufactured and sales and revenues from selling materials or shirts using these buttons.

As this case is related to domestic division of Celebrity Fashions, any adverse proceedings would adversely impact on our Company.

INTRODUCTION

This is only a summary. Investors should read the following summary with the Risk Factors mentioned and the more detailed information about us and our financial statements included elsewhere in this Information Memorandum .

Indian retail industry is one of the largest industries in India, with an employment of around 8% and contributing to over 10% of the country's GDP. Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns. Shopping in India has witnessed a revolution with the change in consumer buying behavior and the entire format of shopping is also being altered. The Indian retail industry has come of age as can be seen from the fact that there are multi- stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof.

The Indian retail industry is expanding itself most aggressively, resulting in a greater demand for real estate being created. The preferred means of expansion for Indian retailers is to expand to other regions and to increase the number of their outlets in a city. It is expected that, India may have more number of new shopping centers in the years to come.

The Indian retail industry is progressing well and for this to continue, retailers as well as the Indian government will need to make a combined effort. This phase of high growth in the Indian retail sector is expected to continue due to large investments and a move away from traditional concepts, leading to various changes that are providing a further boost to the growth of this sector. The maximum growth in the Indian Retail Sector is expected to be registered in the top 60 to 70 markets that are located in the urban areas. These markets would mostly supermarkets and hypermarkets.

Our Company was incorporated on 29th September, 2009 as a Public Limited Company with a view to receive the “Indian Terrain” A Domestic Division of Celebrity Fashions Limited by way of demerger. This Domestic Division “Indian Terrain” was launched by Celebrity Fashions Limited for ready to wear men’s garment market in the year 2000 under the brand name “Indian Terrain”.

The brand “Indian Terrain” has in a span of ten years established itself and has earned an image for quality and style. The Indian Terrain Brand products are sold through various channels – 56 of its own stores and retailed through over 600 National Store Chains (NSC) & Multi Brand Outlets (MBO)

III. GENERAL INFORMATION

INDIAN TERRAIN FASHIONS LIMITED

Registered Office: 208, Velachery Tambaram Road,
Narayanapuram, Pallikaranai, Chennai 600100
Tel: +91-44 4345 3000 Fax: +91- 44 4345 3202
Website: *www.indianterrain.com*

Indian Terrain Fashions Limited, having its registered office at 208, Velachery Tambaram Road, Pallikaranai, Narayanapuram, Chennai – 600100 incorporated as a public limited company on 29th September, 2010.

Registration Number: 073017

CIN: - U18101TN2009PLC073017

Address of office of Registrar of Companies: -

Block No:6, B wing, 2nd floor
Shastri Bhawan,
26, Haddows Road
Chennai-600 034
Tamilnadu
Phone:044-2827 77182
Fax: 044-2823 4298
E-mail: roc.chennai@mca.gov.in

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W)
Mumbai – 400 078
Contact Person Mr.Mahadevan Iyer

Auditors

CNGSN & Associates,
Agastyar Manor,
No. 20, Raja Street,
T.Nagar,
Chennai – 600 017
Ph. No. 044 24311480
Fax No.044 24311485

Anil Nair & Associates,
Chartered Accountants,
“Casa Blanca”,
6, Casa Major Road,
Egmore,
Chennai 600 008.
Ph. No.044 28193532
Fax No.044 28194651

Banker to the Company

State Bank of India
HDFC Bank Limited
Axis Bank Limited
RBS Bank Limited

Compliance Officer and Company Secretary

Mr. J.Manikandan,
Phone: No.044 4227 9241
Fax No:044 2262 2897
Email: manikandan.j@indianterrain.com
Investors may contact on: investorservices@indianterrain.com

Composition of Board of Directors

NAME	STATUS OF DIRECTORSHIP	DIN
Mr.V.Rajagopal	Chairman and Managing Director	00003625
Mrs. Rama Rajagopal	Executive Director	00003565
Mr.Raghu Pillai	Independent Director	00179987
Mr.P.S.Raman	Independent Director	00003606
Mr.N.K.Ranganath	Independent Director	00004044

IV. CAPITAL STRUCTURE

A. PRE SCHEME OF ARRANGEMENT

SR.	PARTICULARS	AMOUNT (RS.)
1.	Authorised Capital	
	5,00,000 Equity Shares of Rs. 10/- each	50,00,000
	Total	50,00,000
2.	Issued, Subscribed and Paid up Capital	
	50,000 Equity Shares of Rs.10 each fully paid up.	5,00,000
	Total	5,00,000

B. POST SCHEME OF ARRANGEMENT AMOUNT

SR.	PARTICULARS	AMOUNT (RS.)
1.	Authorised Capital	
	1,20,00,000 Equity Shares of Rs. 10/- each	12,00,00,000
	Total	12,00,00,000
2.	Issued, Subscribed and Paid up Capital	
	55,81,331 Equity Shares of Rs.10 each fully paid have been issued pursuant to the Scheme of Arrangement. The pre-demerger paid-up capital is cancelled as per the Scheme.)	5,58,13,310
	Total	5,58,13,310

Notes to Capital Structure:

Authorized Share Capital

The Company was incorporated with an Authorized Share Capital of Rs.50,00,000/- (Rupees Fifty Lakhs only) divided into 5,00,000 shares (Five Lakhs) of Rs.10/- each.

The Authorized Share Capital of the company has been increased from Rs.50,00,000/- (Rupees Fifty Lakhs only) divided into 5,00,000 shares (Five Lakhs) of Rs. 10/- each to Rs.12,00,00,000/- (Twelve Crores) divided into 1,20,00,000 shares (One Crore Twenty Lakhs)of Rs.10/- each on 18.09.2010.

As per the Scheme of Arrangement, two shares will be issued in Indian Terrain Fashions Limited for every seven shares held in Celebrity Fashions Limited. The pre-demerger paid up capital of Rs.5,00,000/- shall stand cancelled as per the Scheme of Arrangement.

As per the Scheme of Arrangement, the ratio of allotment is 2:7 and as on the record date i.e. 27th October, 2010, the total paid up capital of Indian Terrain Fashions Limited is Rs.5,58,13,310/- comprising of 55,81,331 shares of Rs. 10/- each.

SHAREHOLDING PATTERN

CATEGORY		PRE-SCHEME		POST SCHEME	
		NO. OF EQUITY SHARES	% OF TOTAL SHARES	NO. OF EQUITY SHARES	% OF TOTAL SHARES
A	PROMOTERS HOLDINGS & Group				
1	PROMOTERS				
i)	Indian Promoters	49600	99.20	2610792	46.78
ii)	Foreign Promoters	0	0	0	0
	SUB TOTAL (A)	49600	99.20	2610792	46.78
B	NON -PROMOTERS HOLDING				
1	Institutional Investors				
a)	Mutual Funds & UTI	0	0	0	0
b)	Banks, FIs, Insurance Cos (Central / State Govt / Non-Govt Institutions)	0	0	0	0
c)	FIs	0	0	0	0
d)	Trust	0	0	0	0
	SUB TOTAL (B1)	0	0	0	0
2	Others				
a)	Private Corporate Bodies	0	0	850907	15.24
b)	Indian Public	400	0.80	1135577	20.34
c)	NRIs	0	0	984055	17.63
	SUB TOTAL (B2)	400	0.80	2970539	53.22
	SUB TOTAL B = (B1+B2)	400	0.80	2970539	53.22
	GRAND TOTAL (A+B)	50000	100.00	5581331	100.00

SHAREHOLDING PATTERN LIST OF PERSONS, ENTITIES COMPRISING PROMOTER GROUP PURSUANT TO THE ALLOTMENT OF EQUITY SHARES OF THE COMPANY UNDER THE SCHEME OF ARRANGEMENT

Category	Pre-Issue	%	Post Issue	%
Promoters				
Mr.V.Rajagopal	100	0.20	1369423	24.54
Mrs. Rama Rajagopal	100	0.20	1240586	22.23
Sub Total-A	200	0.40	2610009	46.76
Promoters Group				
Anjali Rajagopal	100	0.20	28	0.00
Vidyuth Rajagopal	100	0.20	571	0.01
Rajagopalan.K.A	0	0.00	13	0.00
Ammani Rajagopal	0	0.00	171	0.00
Celebrity Fashions	49200	98.40	0	0.00
Sub Total-B	49400	98.80	783	0.02
Promoters & Promoters Group Holdings (C=A+B)	49600	99.20	2610792	46.78

LIST OF PERSONS BELONGING TO THE CATEGORY “PUBLIC” AND HOLDING MORE THAN 1% OF THE TOTAL NUMBER OF SHARES PURSUANT TO THE ALLOTMENT OF EQUITY SHARES OF THE COMPANY UNDER THE SCHEME OF ARRANGEMENT

Sr.No	Name of Shareholder	Shares	%
1	New Vernon Private Equity Ltd	971428	17.40
2	Reliance Capital Ltd	330962	5.92
3	Bennett,Coleman & Company Ltd	376233	6.74

LIST OF TOP 15 SHAREHOLDERS (AFTER CONSOLIDATION) OF THE COMPANY PURSUANT TO THE ALLOTMENT OF EQUITY SHARES OF THE COMPANY UNDER THE SCHEME OF ARRANGEMENT

NAME	SHARES HELD	% TO CAPITAL
VENKATESH RAJAGOPAL	1369423	24.54
RAMA RAJAGOPAL	1240586	22.23
NEW VERNON PRIVATE EQUITY LTD	971428	17.40
BENNETT,CIOLEMAN & COMPANY LTD	376233	6.74
RELIANCE CAPITAL LTD	330962	5.92
S SURYA NARAYANAN	46087	0.82
PANKAJ JAYANTILAL PATEL	32125	0.57
NAJMUDDIN GULAMHUSEIN KHERAJ	28941	0.51
IMRAN S CONTRACTOR	14012	0.25
SUDHIR G KHANDELWAL	12157	0.21
GIRIJA BALAJI	11428	0.20
FUTURE ZONE ENTERTAINMENT PVT LTD	10285	0.18
POLORIS HOLDINGS LIMITED	8000	0.14
COMPETENT FINMAN PVT LTD	7908	0.14
RELIGARE SECURITIES LTD	7715	0.13
TOTAL	4467290	80.03

Notes: -

- 1) As on date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.
- 2) The face value of the equity share is Rs. 10/- and there shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
- 3) The Company has 14568 members as on date of filing of this Information Memorandum.

V. OBJECT OF THE SCHEME OF ARRANGEMENT

The Scheme of Arrangement is to reorganize and streamline the business of Celebrity Fashions Limited by way of demerger of the Indian Terrain division to Indian Terrain Fashions Limited.

Celebrity Fashions Limited ("the Transferor Company or "CFL") is a Company incorporated on April 28, 1988, under the Companies Act, 1956 and the Registered Office is situated at SDF — IV & C 2, Third Main Road, MEPZ — SEZ, Tambaram, Chennai — 600 045. The equity shares of CFL are listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Indian Terrain Fashions Limited ("the Transferee Company" or "ITFL") is a company incorporated on 29 th September 2009, under the Companies Act, 1956 having its Registered Office at No.208, Velachery Tambaram Road, Pallikaranai, Narayanapuram, Chennai – 600 100.

SHARE EXCHANGE RATIO

Upon effectiveness of Scheme, in consideration for the demerger of the Indian Terrain Division to the Indian Terrain Fashions Limited (Transferee Company) pursuant to clause 4 of the Scheme, the Indian Terrain Fashions Limited (Transferee Company) shall, without any further act or deed, issue and allot to each member of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, equity shares in the Transferee Company in the ratio of 2 (Two) equity shares in the Transferee Company of the face value of Rs.10/- (Rupee Ten only) each credited as fully paid-up for every 7 (Seven) equity shares of Rs. 10/-(Rupees Ten only) each fully paid-up held by such member or his/her/its heirs, executors, administrators or successors in the Transferor Company ("Share Entitlement Ratio").

FRACTIONAL ENTITLEMENTS

No fractional certificate shall be issued by the Transferee Company in respect of the fractional entitlement, if any, to which the shareholders of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid. The Directors of the Transferor Company shall instead consolidate all such fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid and thereupon issue and allot equity shares in lieu thereof to a Director or an Officer or Auditor of the Transferor Company or an Institution with the express understanding that such Director, Officer, Auditor or an Institution to whom such equity shares be allotted shall sell the same in the market and pay to the Transferor Company the net sale proceeds thereof whereupon the Transferor Company shall distribute such net sale proceeds to the said shareholders of the Transferor Company in proportion to their fractional entitlements. The issue and allotment of consolidated fractional entitlements shall not require any further approval from the shareholders of the Transferee Company or from any other statutory authority or body.

CAPITAL REDUCTION IN ITFL

The Indian Terrain Fashions Limited (Transferee Company) shall cancel its pre — demerger paid up equity share capital of Rs. 5,00,000/- (Rupees Five Lakhs only) i.e. 50,000 equity shares of Rs. 10/- (Rupees Ten only) each, held by the Transferor Company, upon allotment of equity shares as per clause 9.1, as consideration for demerger. The cancellation of the pre - demerger share capital shall result in a mirror image of *the* shareholding pattern in the Indian Terrain Fashions Limited (Transferee Company) as it stands for the Transferor Company.

VI. SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT

DEMERGER OF THE INDIAN TERRAIN DIVISION OF CFL INTO ITFL

TRANSFER AND VESTING OF THE INDIAN TERRAIN DIVISION

With effect from the Appointed Date, the Indian Terrain Division of the Transferor Company, as defined in clause 1.13, shall pursuant to the provisions of the section 391 to 394 read with section 78 and section 100 to 103 and /or any other applicable provisions of the Companies Act, 1956, stand transferred to and vested in or deemed to be transferred to and vested in the First Transferee Company, as a going concern, in accordance with Section 2(19AA) of the Income tax Act, 1961.

Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the assets (moveable or immovable and tangible or intangible) and the liabilities of the Indian Terrain Division shall, pursuant to the provisions the Scheme, without any further act, deed, matter or thing be and stand transferred to and vested in and shall be deemed to be transferred to and vested in the First Transferee Company in the following manner:

(a) All the movable assets pertaining to the Indian Terrain Division, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to the First Transferee Company to the end and intent that the property therein passes to the First Transferee Company. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Boards of Directors or Committees thereof of the Transferor Company and the First Transferee Company;

(b) In respect of other assets pertaining to the Indian Terrain Division, including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi- Government, local and other authorities and bodies and customers, the First Transferee Company may, and the Transferor Company shall, on being so requested by the First Transferee Company, issue notices in such form as the First Transferee Company specifies, stating that pursuant to the Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, the First Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to receive, recover or realise the same, stands transferred to the First Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;

(c) With effect from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company relating to the Indian Terrain Division shall also, pursuant to the Scheme, without any further act or deed, be transferred to or be deemed to be transferred to the First Transferee Company, so as to become the debts, liabilities, duties and obligations of the First Transferee Company and it shall not be necessary to obtain the consent (if not specifically required under any agreement / covenant) of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;

(d) The transfer and vesting of the Indian Terrain Division shall be subject to the existing securities,

charges and mortgages, if any in relation to the liabilities of the Indian Terrain Division transferred to the First Transferee Company under clause (c) above.

(e) In so far as, any encumbrances over the assets comprised in the Indian Terrain Division are security for liabilities of the Remaining Undertaking retained with the Transferor Company and/ or security for the liabilities transferred to the Second Transferee Company, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the encumbrances shall only extend to and continue to operate against the assets retained with the Transferor Company and / or the Second Transferee Company and shall cease to operate against any of the assets transferred to the First Transferee Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operations of this sub-clause.

(f) In so far as any encumbrances over the assets comprised in the Remaining undertaking of the Transferor Company and/or the Bottoms Division transferred to the Second Transferee Company are security for liabilities transferred to the First Transferee Company, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and shall cease to operate against any of the liabilities transferred to the First Transferee Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operations of this sub-clause.

CONTRACTS, DEEDS, ARRANGEMENTS, ETC.

Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, in relation to the Indian Terrain Division to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, the First Transferee Company in which the Indian Terrain Division vests by way of the demerger hereunder and may be enforced as fully and effectually as if, instead of the Transferor Company, First Transferee Company had been a party or beneficiary or obligee thereto or thereunder.

Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Indian Terrain Division occurs by virtue of this Scheme itself, the First Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements, with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The First Transferee Company shall be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.

EMPLOYEES, STAFF AND WORKMEN

On the Scheme becoming operative, all staff, workmen and employees of the Transferor Company working for the Indian Terrain Division, who are in service as on the Effective Date shall be deemed to have become staff, workmen and employees of the First Transferee Company, with effect from the Appointed Date, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the First Transferee Company shall not be less favorable than those applicable to them with reference to their employment with the Transferor Company on the Effective Date. The First Transferee Company agrees that the services of all such employees with the Transferor Company up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible in the Transferor Company on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to the Indian Terrain Division, shall be decided mutually by Board of Directors of the Transferor Company and the First Transferee Company or committee(s) thereof.

It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as "Funds") created for the benefit of the staff, workmen and employees of the Transferor Company shall, to the extent they relate to the staff, workmen and employees working for the Indian Terrain Division, become Funds of the First Transferee Company, or shall be transferred to the First Transferee Company for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Funds shall become those of the First Transferee Company. It is clarified that the services of the staff, workmen and employees working for the Indian Terrain Division will be treated as having been continuous for the purpose of the said Funds.

In the event that the First Transferee Company does not have its own Funds in respect of any of the above, the First Transferee Company, may subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Transferor Company, until such time as the First Transferee Company creates its own Funds, at which time the Funds and the investment and contributions, pertaining to staff, workmen and employees working for the Indian Terrain Division shall be transferred to the funds created by the First Transferee Company.

In respect of the stock options outstanding under the ESOS in the hands of the employees of the Transferor Company being transferred to the First Transferee Company pursuant to the Scheme, it is hereby clarified that the options which have been granted but have not vested in such employees of the Transferor Company as on the Effective Date would lapse. The First Transferee Company will put in place a suitable ESOS plan (hereinafter referred to as the "Compensatory ESOS Plan") for the employees of the Transferor Company, being transferred to the First Transferee Company pursuant to the Scheme, on such terms and conditions not less favourable than those of the ESOS held by such employees in Transferor Company which have been lapsed pursuant to this clause. The options under the ESOS which, as of the Effective Date, have been vested in employees, being transferred to the First Transferee Company pursuant to the Scheme, but have not been exercised, would lapse 90 days after the Effective Date.

For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the ESOS to the employees of the Remaining Undertaking as of the Effective Date would continue and the exercise price of such options would be suitably re-priced in order to compensate such employees for reduction in the intrinsic value of the Transferor Company pursuant to the demerger of the Indian Terrain Division.

The First Transferee Company also proposes to offer shares to its key managerial staff under a new ESOS plan (herein after referred to as the “Key Managerial ESOS Plan”) for a minimum exercise price of Rs. 10/- (Ten). Pursuant, to the acceptance of such ESOS plan, the key managerial staff, would hold upto 10% of the post demerger paid up capital of the First Transferee Company.

In addition to the above, it is also proposed to issue new ESOS (herein after referred to as the “Key Managerial ESOS Plan”) to the extent of 10% of the post demerger paid up capital of the First Transferee Company, to the said key managerial staff which can be exercised by them as follows: At the end of First year – upto 5% and At the end of Fifth year – upto 5%.

The above, Compensatory ESOS Plan, Key Managerial ESOS Plan and Key Managerial ESOS Plan shall be in accordance to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The First Transferee Company shall take adequate steps as may be required under the Companies Act, 1956 or any other laws to pass a special resolution as may be required to give effect to the above mentioned ESOS and/ or ESOS scheme.

TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

With effect from the Appointed Date and up to the Effective Date:

The Transferor Company shall carry on and be deemed to have carried on its business and activities relating to the Indian Terrain Division and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its entire businesses and undertakings relating to the Indian Terrain Division for and on account of and in trust for the First Transferee Company;

All the profits or income accruing or arising to the Transferor Company, relating to the Indian Terrain Division or expenditure or losses arising or incurred by the Transferor Company relating to the Indian Terrain Division shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the First Transferee Company;

The First Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central / State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the First Transferee Company may require to carry on the business of the Indian Terrain Division;

The Transferor Company shall not utilize the profits or income of the Indian Terrain Division for the purpose of declaring or paying any dividend or for any other purpose (other than in the ordinary course of its business) in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of the First Transferee Company;

The Transferor Company shall not without the prior written consent of the Board of Directors of the First Transferee Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of its undertaking relating to the Indian Terrain Division or any part thereof or any material assets, except in the ordinary course of its business; and

The Transferor Company shall not, without the prior written consent of the Board of Directors of the First Transferee Company or pursuant to any pre-existing obligation, vary the terms and conditions of service of the employees working for the Indian Terrain Division except in the ordinary course of its business or consistent with past practice.

SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the Indian Terrain Division under clause 4 hereof shall not affect any transactions or proceedings, already completed by the Transferor Company on or before the Appointed Date to the end and intent that, the First Transferee Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company in relation to the Indian Terrain Division which shall vest in the First Transferee Company in terms of this Scheme as acts, deeds and things made, done and executed by and on behalf of the First Transferee Company.

CONSIDERATION ISSUE OF EQUITY SHARES BY THE FIRST TRANSFEREE COMPANY

Upon effectiveness of Scheme, in consideration for the demerger of the Indian Terrain Division to the First Transferee Company pursuant to clause 4 of this Scheme, the First Transferee Company shall, without any further act or deed, issue and allot to each member of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, equity shares in the First Transferee Company in the ratio of 2 (Two) equity shares in the First Transferee Company of the face value of Rs.10/- (Rupee Ten only) each credited as fully paid-up for every 7 (Seven) equity shares of Rs. 10/-(Rupees Ten only) each fully paid-up held by such member or his/her/its heirs, executors, administrators or successors in the Transferor Company (“Share Entitlement Ratio”).

All equity shares in the First Transferee Company to be issued and allotted to the shareholders of the Transferor Company as aforesaid shall rank pari passu in all respects with the existing equity shares in the First Transferee Company (if any). No fractional certificate shall be issued by the First Transferee Company in respect of the fractional entitlement, if any, to which the shareholders of the Transferor Company may be entitled on issue and allotment of the equity shares of the First Transferee Company as aforesaid. The Directors of the Transferor Company shall instead consolidate all such fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of the equity shares of the First Transferee Company as aforesaid and thereupon issue and allot equity shares in lieu thereof to a Director or an Officer or Auditor of the Transferor Company or an Institution with the express understanding that such Director, Officer, Auditor or an Institution to whom such equity shares be allotted shall sell the same in the market and pay to the Transferor Company the net sale proceeds thereof whereupon the Transferor Company shall distribute such net sale proceeds to the said shareholders of the Transferor Company in proportion to their fractional entitlements. The issue and allotment of

consolidated fractional entitlements shall not require any further approval from the shareholders of the First Transferee Company or from any other statutory authority or body.

The equity shares to be issued by the First Transferee Company pursuant to clause 9.1 above shall be issued in dematerialized form, unless otherwise notified in writing by the shareholders of the Transferor Company to the First Transferee Company on or before such date as may be determined by the Board of Directors of the First Transferee Company or a committee thereof. In the event that such notice has not been received by the First Transferee Company in respect of any of the members of the Transferor Company, the equity shares shall be issued to such members in dematerialized form provided that such members shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that a First Transferee Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the First Transferee Company, then the First Transferee Company shall issue equity shares in physical form to such member or members. Further, the shares allotted pursuant to the scheme shall remain frozen in the depositories system till listing/ trading permission is given by the designated stock exchange.

In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors or any committee thereof of the Transferor Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Transferor Company as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in First Transferee Company issued by the First Transferee Company after the effectiveness of this Scheme.

The new equity shares issued and allotted by the First Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the First Transferee Company and shall inter-se rank pari passu in all respects.

The equity shares of the First Transferee Company issued in terms of clause 9.1 of this Scheme will be listed and/or admitted to trading on the National Stock Exchange of India Limited and/or the Bombay Stock Exchange Limited, where the shares of the Transferor Company are listed and/or admitted to trading in terms of sub-rule 7 of rule 19 of the Securities Contract (Regulation) Rules, 1957 (erstwhile, clause 8.3.5 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000). The First Transferee Company shall enter into such arrangements and give such confirmations and/or undertaking as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. On such formalities being fulfilled the said Stock exchanges shall list and/or admit such equity shares also for the purpose of trading.

The equity shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing /trading permission is given by the Stock Exchange(s) and further there shall be no change in the shareholding pattern or control in Indian Terrain Fashions Limited between the record date and the listing.

For the purpose of issue of equity shares to the shareholders of the Transferor Company, the First Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals including approval of the Reserve Bank of India and other concerned regulatory authorities for the issue and allotment by the First Transferee Company of such equity shares.

The First Transferee Company shall increase its authorized share capital, as may be required, to issue equity shares in terms of clause 9.1 of the Scheme.

The issue and allotment of equity shares by the First Transferee Company to the shareholders of the Transferor Company and the underlying shares issued to the new depository as provided in this Scheme is an integral part thereof, and shall be deemed to have been carried out as if the procedure laid down under Section 81(1A) and any other applicable provisions of the Companies Act, 1956 were duly complied with.

VII. STATEMENT OF POSSIBLE TAX BENEFITS

The statement of tax benefits has been certified by our auditors M/s.CNGSN & ASSOCIATES, Chartered Accountants, vide their letter dated 26.11.2010. As per the present provisions of Income Tax Act, 1961 (hereinafter referred to as "the Act") and other laws as applicable for the time being in force in India, the following tax benefits are available to the Company and to the shareholders of the Company, subject to fulfillment of prescribed conditions.

1. INCOME TAX

A. To the Company:

1. The Company will be entitled to claim depreciation allowance at the prescribed rates on tangible and intangible assets under section 32 of the Income Tax Act, 1961 (hereinafter is referred as "Act"). Subject to Company qualifying with the conditions as stated in section 32 (1) (ia) of Act as amended with effect from 01.04.2005, in respect of Plant & Machinery (other than Ships or Aircraft) acquired or installed after 31st day of March 2005, addition depreciation @ 20% shall be allowed.

2. Income by way of dividend (as referred to in Sec 115-O of the Act) received from other domestic companies will be exempt from tax under Section 10(34) of the Act.

4. In accordance with the provisions of section 10(38) of the Act, long term capital gains arising on the transfer of securities shall be exempted from tax if such transaction is entered into on a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax. Under Section 111A of the Act, Short term capital gains accruing to Company from transfer of short term capital assets, being securities, in a transaction entered into on a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax shall be chargeable to tax @ 15% plus applicable surcharge and education cess.

5. Subject to the provisions of section 112 of the Act, Long term capital gains, other than those mentioned in 4 above, will be chargeable to tax @ 20% (plus applicable surcharge and education cess) with indexation benefit and @ 10% (Plus applicable surcharge and education cess) if computed without indexation benefit in case of shares.

6. The Company will be entitled to deduction of the whole of capital expenditure (other than on land) incurred on scientific research related to the business carried on by the Company in the year in which such expenditure is incurred, in accordance with the provisions of Section 35 of the Act.

7. Income in respect of Units from a Mutual Fund u/s 10(23D) of the Act will be exempt in the hands of the Company u/s 10(35) of the Act.

8. In accordance with and subject to the conditions specified in section 54EC and section 54ED of the Act, the company would be entitled to exemption from tax on long-term capital gain [not covered by Section 10(36) and Section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in

the said sections. If the new asset is transferred or converted into money at any time within a period of three years in case of new assets specified in section 54EC and within a period of one year in case of new assets specified in section 54ED, from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

B. Benefits to the Members of the Company :

B. 1. Residents :

- (a) By virtue of Section 10(34) of the Act, dividend declared by the Company referred to in section 115-O of the Act is exempt from tax.
- (b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) being a transaction entered into in at recognized stock exchange in India and which is chargeable to Securities Transaction Tax, shall be exempt from tax. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in the company, which is subject to Securities Transaction Tax will be taxable under the Act @ 15% (plus applicable Education cess)
- (c) Subject to the Long term capital gains, other than those mentioned in (b) above, As per the provisions of Section 112(1) (a) and (b) read with proviso to Section 112(1) of the Act, long-term capital gains on transfer of the shares by an Individual, Hindu Undivided Family and Domestic Companies, computed without indexation of cost of acquisition, would be taxed at the concessional rate of 10% (plus applicable Education Cess) in accordance with the provisions of section 112 of the Act and @ 20% in case the same is computed subject to indexation benefit. In case of individuals and HUF's, where the total taxable income as reduced by long-term capital gain is below the basic exemption limit, the long-term capital gain will be reduced to the extent of the shortfall and only the balance long-term capital gain will be subjected to such tax in accordance with the provision to sub-Section (1) of Section 112 of the Act.
- (d) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
- (e) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with, and subject to the conditions and to the extent specified in Section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the shares should be held for at least one year.
- (f) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance

with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the individual or HUF does not own any other residential house.

B. 2. Non Residents:

- a. Dividend income received from Company qualifies for exemption under section 10 (34) of the IT Act.
- b. As per the provisions of section 10 (38) of the IT Act long term capital gains arising from the sale of the shares of the Company will be exempt from tax if the transaction is entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax.
- c. As per the provision of Section 111 A, short term capital gains arising from the sale of Company's shares in a transaction entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax, will be chargeable to tax @ 15% plus applicable education cess.
- d. As per the provisions of section 112 of the IT Act, the long term capital gains from the transfer of the shares of the Company, otherwise than as mentioned above, shall be charged to tax:
 - i. @ 20% plus applicable surcharge and education cess, if the gains are computed after considering the benefit of indexation;
 - ii. @10% plus applicable surcharge and education cess, if the gains are computed without considering the benefit of indexation.
- e. Non Resident Indian members of the Company can elect to be governed by special provisions as enunciated in section 115 C to 115 I of the Income tax act, according to which exemption from capital gains tax is available subject to those complying with conditions stated in those sections.

Under Section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (plus applicable and Education Cess) while income from long-term capital gains on transfer of shares the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (plus applicable Surcharge and Education Cess).

Under Section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gain arising to a Non-Resident Indian from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax to the extent the net consideration is invested within six months of the date transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of Section 10 of the A and the new asset is held for a period of at least three years.

Under Section 115G of the Act, it is not necessary for a Non-Resident Indian to file a return of income under Section 139(1) of the Act, if his total income consists only of investment income and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act.

Under Section 115H of the Act, where a Non-Resident Indian becomes assessable as resident in India in any subsequent year he may furnish to the Assessing Officer a declaration in writing along with the return of income for the assessment year for which he is so assessable to the effect that the provisions of Chapter XII-A of the Act shall continue to apply to him in relation to the investment income (other than on shares in the Company) derived from any foreign exchange asset as defined therein. On doing so, the provisions of Chapter XII- A of the Act shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.

Under Section 115I of the Act, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A of the Act for any assessment year, his total income for that assessment year (including taxable income arising from investment in the Company) will be computed according to the other provisions of the Act, and he will therefore be eligible to get concessions applicable to a resident individual and will be liable to tax accordingly.

In accordance with, and subject to provisions of Section 48 of the Act, capital gains arising out of transfer of capital assets being shares in the Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company. Cost indexation benefits will not be available in such a case.

In accordance with, and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets and are held for a period of 3 years.

In accordance with, and subject to the conditions and to the extent specified in section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the shares should be held for at least one year.

In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the Individual or HUF does not own any other residential house.

C. Mutual Funds

In case of a shareholder being a mutual fund, as per the provisions of section 10(23D) of the Act, any

income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made hereunder, mutual funds set up by public sector banks or public financial institutions and mutual funds authorised by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

II. WEALTH TAX

(A) Assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 do not include shares in companies and hence, these are not liable to wealth-tax.

III. GIFT TAX:

(A) Gift tax is not leviable in respect of any gifts made on or afterst October, 1998. Therefore, any gift of shares will not attract gift-tax.

Notes:

In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her anticipation in the issue. The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequence, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out due to their participation in the issue. We do not express any opinion or provide any assurance as to whether:

- The company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/or would be met with.

VIII. COMPANY HISTORY AND MANAGEMENT

The Company was incorporated on 29th September, 2009 under the name and style of Indian Terrain Fashions Limited with the objects mentioned here below.

The CIN of the Company is U18101TN2009PLC073017. The Registered Office of the Company is No.208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai 600100. The Company entered into a Scheme of Arrangement with CFL. The said scheme was approved by Hon'ble High Court of Judicature at Madras on 16th August, 2010. In terms of the Scheme, the Company has taken over the Domestic Division of CFL i.e. "Indian Terrain".

The business of the Company:

The business of the company is selling garment in the local market by setting up exclusive brand retail outlets across India and carrying on business as retailer, importers, dealers in all kinds of suiting, shirting, cotton and man made synthesis knitted fabrics, apparel, home textiles and fashion accessories.

The Indian Terrain Brand products are sold through various channels through its own stores and retailed through National Store Chains (NSC) / Multi Brand Outlets (MBO).

The company is amongst the leading retailers in India. The day-to-day affairs of the Company is managed by Mr.V.Rajagopal, Chairman and Managing Director of the Company and Mrs. Rama Rajagopal, Executive Director who are assisted by a team of professionals comprising Mr.Charath Narsimhan, Chief Executive Officer, Mr.Amitabh Suri, Sr. Vice President – Marketing & Product Design & Development, Mr. John Dulip Kumar, Sr. Vice President-Merchandising and their respective highly efficient teams.

The main objects specified in the Memorandum of Association of ITFL are, inter alia, as follows:

i. To manufacture, trade, deal, sell and export all kinds of garments of gentlemen, ladies and children and to act as retailers, makers, designers, combbers, scourers, spinners, weavers, finishers, dyers, commission agent in connection therewith or otherwise, stock and sell all garments and other accessories and to open and operate stores, departmental stores and any other outlet of consumable goods including garments, Handloom and Power loom fabrics, Grey and non-grey fabrics, Ready- made garments, Hosiery Goods, Made-ups, Towels knit wear and fabrics of all descriptions made out of man made fabrics, silk and cotton.

ii. To carry on trade or business of designing, buying, selling, importing, exporting of all counts of yarns and all types of furnishings, carpets, textiles, whether made of wool or otherwise, handicrafts and coir products.

iii. To carry on the business as traders, dealers, wholesalers, retailers, makers, designers, combers, scourers, spinners, weavers, finishers, dyers, importers, exporters and manufacturers of readymade garments, yarns and fabrics of wool, cotton, jute, silk, rayon, nylon and other natural synthetic and / or fibrous substances and / or manufacturers of materials from the waste realized from the above mentioned products either on its own account or on commission and to carry on the business as drapers and dealers of furnishing fabrics in all its branches, as customers, readymade dress and mantle makers, silk mercers, makers and suppliers of clothing, lingerie and trimmings of every kind, furriers, drapers, haberdashers, milliners, hosiers, gloves, lace makers, feather dressers, felt makers dealers in and manufacturers of yarns and fabrics.

iv. To manufacture, deal, sell, export all type of leather goods like shoes, boots, slippers, chappals and other fashion leather items.”

CHANGES IN THE MEMORANDUM OF ASSOCIATION SINCE INCORPORATION OF THE COMPANY

DATE	PARTICULARS
September 18, 2010	Increase in Authorised share capital of the company from Rs. 50,00,000/- to Rs. 12,00,00,000/-

CHANGES IN THE REGISTERED OFFICE OF THE COMPANY

The Company incorporated on 29th September, 2009 with the registered office at 107A, GST Road, Chrompet, Chennai – 600 044.

The Registered office of the Company was shifted from 107A, GST Road, Chrompet, Chennai – 600 044 to SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai – 600045 with effect from 1st February, 2010.

The Registered office of the Company was shifted from SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai – 600045 to 208, Velachery, Tambaram Road, Narayanapuram, Pallikaranai, Chennai 600100 with effect from 1st September, 2010.

SHAREHOLDERS AGREEMENT

There is no separate agreement executed between any shareholder and the Company.

BOARD OF DIRECTORS

As per the Articles of Association of the company, the company shall not have less than 3 directors and not more than 12 directors. The Board of Directors of the Company as on the date of this Information Memorandum:

Sl. No.	Name, Designation, Address, DIN, Occupation	Date of Birth	Nationality	Directorships in other companies
1.	Mr. V.Rajagopal Chairman & Managing Director 10, Rajagopalan II Street, Valmiki Nagar, Thiruvanmiyur, Chennai 600 041 DIN:00003625 Business	11.10.1956	Indian	Celebrity Fashions Limited Celebrity Clothing Limited
2.	Mrs. Rama Rajagopal Executive Director 10, Rajagopalan II Street, Valmiki Nagar, Thiruvanmiyur, Chennai 600 041 DIN:00003565 Business	06.08.1955	Indian	Celebrity Fashions Limited Celebrity Clothing Limited
3.	Mr. N.K.Ranganath Independent Director APT 5, Sreshtha Apartments, Old No : 57, Subramaniya Street, Abhiramapuram, Chennai 600 018 DIN:00004044 Service	13.03.1956	Indian	Grundfos Pumps India Pvt. Limited Celebrity Fashions Limited Celebrity Clothing Limited
4.	Mr.Raghu Pillai Independent Director Flat No.6, 4 th Floor, Shangrila Appts. No.5, Orlur Olcott Road, Besant Nagar, Chennai – 600 090 DIN:00179987 Service	03.07.1957	Indian	Timex(India)Limited
5.	Mr.P.S.Raman Independent Director Lloyds Corner, New No. 200, Old No : 286, Lloyds Road, Chennai 600 014 DIN:00003606 Service	07.11.1960	Indian	Sundaram Brake Linings Limited

BRIEF PROFILE OF DIRECTORS

1. 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 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. And also 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.

2. Mrs.Rama Rajagopal:

Mrs. Rama Rajagopal aged 54, a Post Graduate in Economics from Bangalore University. She was inducted into the Board of Celebrity Fashions in January 1994. She has been involved in the various functions of the Management and more particularly on financial aspects. She took over as Executive Director of “Indian Terrain” domestic division of Celebrity Fashions Limited since inception. She is presently Executive Director of ITFL.

3. Mr.Raghu Pillai

Mr. Raghu Pillai aged 53, is a graduate in Commerce from Sri Ram College of Commerce, New Delhi and also holds a degree in Advanced Management Program from Harvard Business School. He is a senior leader with 30+ years of multifunctional experience in Retail, Entertainment, IT and Consumer durable Industries with 15+ years experience as CEO and Board member in both start up and turnaround situations. He is very active in Industry associations and quasi government policy making bodies.

4. Mr.N.K.Ranganath

Mr.N.K.Ranganath, aged 54 is a Mechanical engineer and holds a post graduate degree in Business Management from XLRI. Mr.N.K.Ranganath is Managing Director of M/s.Grundfos Pumps India Private Limited. He had acquired valuable knowledge, experience and expertise in sales, marketing, finance, production and human resources disciplines. Mr.N.K.Ranganath is also a Director in Grundfos Pumps Private Limited, Celebrity Fashions Limited and Celebrity Clothing Limited.

5. Mr.P.S.Raman

Mr.P.S.Raman,aged 50 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. He is an Additional Advocate General of Tamilnadu. During the years of practice, he has gained valuable knowledge, experience and expertise in the field of law. Mr.P.S.Raman is also a Director in Sundaram Brake Linings Limited..

INTEREST OF DIRECTORS

Other than their respective shareholding in the company and reimbursement of out of pocket expenses incurred and normal remuneration / sitting fee from the company, the directors of the company have no other interest in the company.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement with the Stock Exchanges with respect to the Corporate Governance are applicable to the Company and the Company is Corporate Governance compliant. The Board of Directors of the Company consists of 5 Members. The composition of the Board consists of 3 Non-executive and 2 Executive Director. 3 members of the Board of Directors are Independent. The Independent Directors of the Company include Mr.Raghu Pillai, Mr.N.K.Ranganath and Mr.P.S.Raman. The Chairman is a Promoter & Executive Director of the Company. The Board has constituted the following committees required under Clause 49 of the Listing Agreement:

COMMITTEE	NAME OF DIRECTOR	CATEGORY
Audit Committee	1.Mr.N.K.Ranganath 2.Mr.Raghu Pillai 3. Mr. V.Rajagopal	Chairman Member Member
Shareholders/Investors Grievance Committee	1.Mr.P.S.Raman 2. Mr.N.K.Ranganath 3. Mr.V.Rajagopal	Chairman Member Member
Remuneration Committee	1. Mr.Raghu Pillai 2. Mr.N.K.Ranganath 3. Mr.P.S.Raman	Chairman Member Member

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investor's Committee and Remuneration Committee of the Board are as per applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement. The Board of Director has at its Meeting held on **October 9, 2010** approved **Code of Conduct** for Members of the Board and Senior Management Employees. Same will be uploaded on Company's website <http://www.indianterrain.com> immediately after listing of Company's Shares on Stock Exchanges.

Compliance Report on Corporate Governance

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
I Board of Directors	49 I		
(A) Composition of Board	49 (IA)	Yes	-
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	To be disclosed in next Annual Report
(C) Other provisions as to Board and Committee	49 (IC)	Yes	-
(D) Code of Conduct	49 (ID)	Yes	-
II. Audit Committee	49 (II)		-
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	-
(B) Meeting of Audit Committee	49 (IIB)	Yes	-
(C) Powers of Audit Committee	49 (IIC)	Yes	-
(D) Role of Audit Committee	49 II(D)	Yes	-
(E) Review of Information by Audit Committee	49 (IIE)	Yes	-
III. Subsidiary Co's	49 (III)	N.A	No Subsidiary Companies
IV. Disclosures	49 (IV)		
(A) Basis of related party transactions	49 (IV A)	Yes	To be disclosed in next Annual Report.
(B) Board of Disclosures	49 (IV C)	Yes	-do-
(C) Proceeds from public issues, rights issue, preferential issues etc.	49 (IV D)	Yes	N.A.
(D) Remuneration of Directors	49 (IV E)	Yes	To be disclosed in the next Annual Report
(E) Management	49 (IV F)	Yes	-do-
(F) Shareholders	49 (IV G)	Yes	-do-
V. CEO/CFO Certification	49 (V)	Yes	-do-
VI. Report on Corporate Governance	49 (VI)	Yes	-do-
VII. Compliance	49 (VII)	Yes	-do-

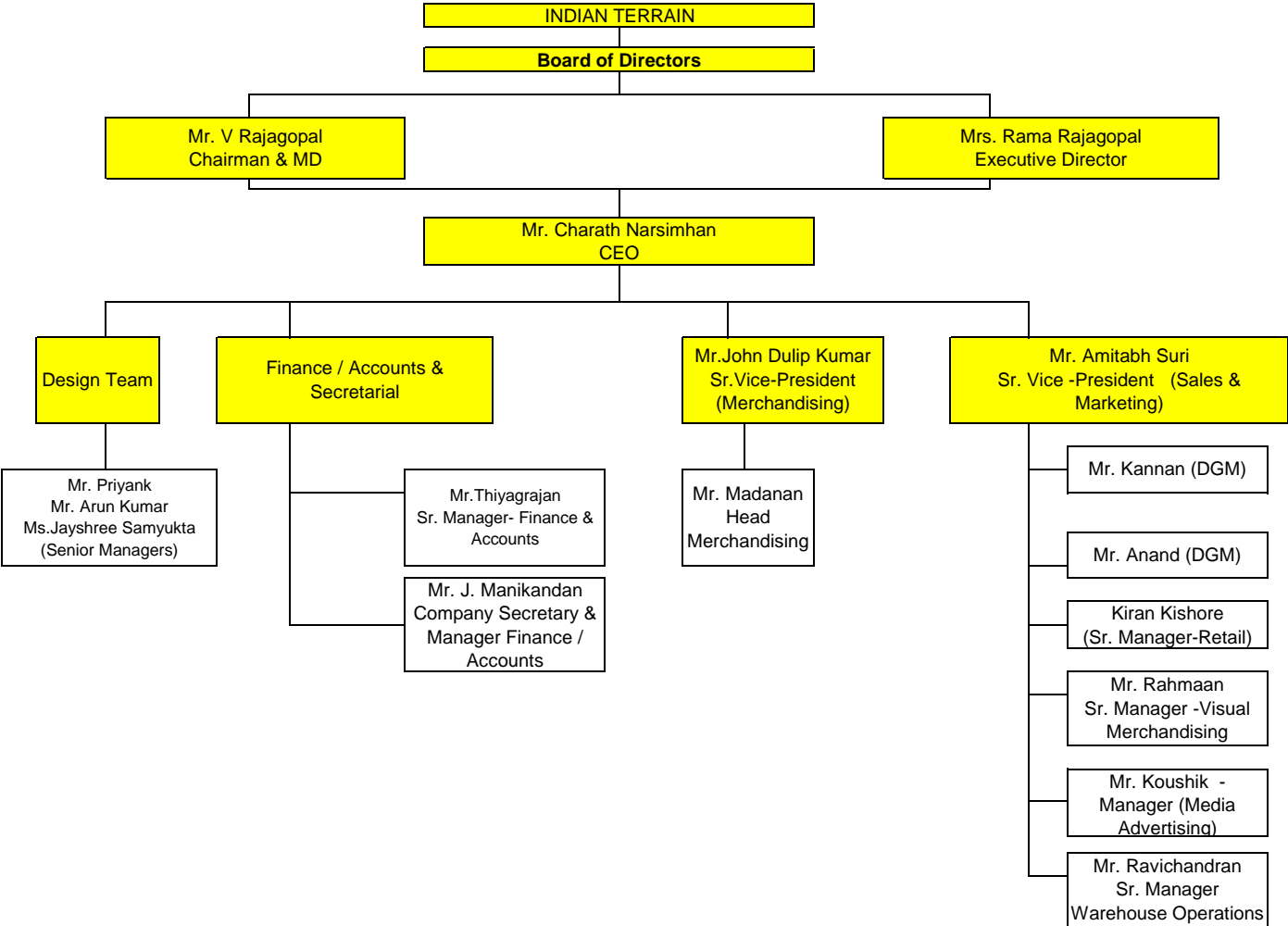
Change in Board of Directors since the Company's inception

Name of the Director	Date of Appointment	Date of Cessation	Reason
Mr.V.Rajagopal	05.10.2009		
Mrs. Rama Rajagopal	05.10.2009		
Mr.Raghu Pillai	20.09.2010		
Mr.N.K.Ranganath	20.09.2010		
Mr.P.S.Raman	20.09.2010		
Mr.S.Surya Narayanan	05.10.2009	01.10.2010	Resignation

Shareholding of Directors

Name of Director	Pre-Scheme	No. of shares issued under the Scheme	Post-Scheme shareholding	% of total share capital Post-Scheme
Mr.V.Rajagopal	100	13,69,423	13,69,423	24.53
Mrs. Rama Rajagopal	100	12,40,586	12,40,586	22.23
Mr.Raghu Pillai	0	0	5573	0.09
Mr.N.K.Ranganath	0	0	0	0
Mr.P.S.Raman	0	0	0	0
TOTAL	200	26,10,009	26,10,009	46.76

IX. OVERVIEW OF ORGANISATION STRUCTURE & SENIOR MANAGEMENT PERSONNEL



KEY MANAGERIAL PERSONNEL

Mr. Charath Narasimhan, Chief Executive Officer holds a Bachelors Degree in Technology from IIT and MBA from IIM, Lucknow. He has 15 years of experience in garment Industry. He was working with Colorplus (subsequently taken over by Raymond's Limited) before joining Indian Terrain Division of Celebrity Fashions Limited in November 2005 and heading the business as Chief Executive Officer.

Mr. Amitabh Suri, Senior Vice-President-Marketing & Product Development, holds a Post Graduation degree from NIFT. He has 11 years of experience in the garment Industry. He started his career in July 1999 in Celebrity Fashions Limited and heads the marketing and product development of Indian Terrain Division.

Mr. John Dulip kumar, Senior Vice-President-Merchandising, holds a Bachelors degree in Science (Physics) from the University of Madras as also has Diploma in System Management. He has 16 years experience in the garment Industry. He was working in Triburg Sportswear before joining Celebrity Fashions Limited in August 2005.

Mr. Priyank is a graduate from National Institute of Fashion Technology joined Indian Terrain Division of Celebrity Fashions Limited in 2004 as Trainee in Product Design and Development Department. Presently he is a Senior Manager and he is responsible for Design and Development of Bottoms products of ITFL. He has a total experience of 7 years in to designing.

Mr. Arun Kumar is a graduate from National Institute of Fashion Technology joined Indian Terrain Division of Celebrity Fashions Limited in 2005 as Junior Designer in Product Design and Development Department. Presently, he is a Senior Manager and he is responsible for Design and Development of Tops products of ITFL. He has a total experience of 7 years in to designing.

Ms. Jayasri Samyukta is a graduate from National Institute of Fashion Technology joined in 2010 as Senior Manger Product Design and Development. She has 9 years of Experience in designing with Weekender and Allen Solly. She is responsible for Product development of Knitwear of ITFL.

Mr Kannan K V is a Post Graduate from SRM University joined Indian Terrain Division of Celebrity Fashions Limited in 2005 as Deputy Manager Marketing. He has an overall experience of 18 years out of 11 years in to marketing with Becton Dickinson and Zodiac Clothing Co Ltd and 7 years in to Finance. He is responsible for all marketing of Multi Branded Outlets (MBO) of ITFL as National Sales Manager.

Mr. Anand Natarajan is a graduate from Calcutta University and joined in 2010 as Deputy General Manager Marketing. He has 17 years of experience and worked with Primus Retail Pvt Ltd. He is responsible for Exclusive Brand Outlet (EBO) and Large Format Outlet (LFO) of East and Southern part of India.

Mr. Kiran Kishore is a graduate from Delhi University and Apparel Merchandising & Marketing Management from NIFT Bangalore and joined in 2010 as Senior Manager in Retail Operations Department. He has 5 years of experience in Benetton India Pvt Ltd. He is responsible for Exclusive Brand Outlet (EBO) and Large Format Outlet (LFO) of West and Northern part of India.

Mr. Rahmaan S M is a graduate from Bangalore University and a diploma from National Institute of Fashion Technology and joined in 2010 as Senior Manager Visual Merchandising. He has 16 years of experience in Visual merchandiser with Weekender, Paris Group, Pantaloon Retail, Levi Strauss and Jack Jones. He is responsible for Visual Merchandising of ITFL.

Mr. Koushik Udayashankar is a Post graduate from The Aberdeen Business School, Scotland and joined in 2010 as Manager in Marketing. He has an overall experience of 8 years in which 6 years in to Marketing and Communication with Fresh Lime Ideas, Keane Brane. He is responsible for advertising in media and all communications in terms of branding of ITFL.

Mr. Madanan is a Post graduate in Textile Technology and joined in 2010 as Head Merchandising Department. He has 19 years of overall experience in which he worked with leading export houses like Revor International, Celebrity Fashions Ltd and Pearl Global Limited. He is responsible for Merchandising department of ITFL.

Mr. Iyyappan is a Post graduation from Pondicherry University and joined in 2010 as Product Manager - knitwear. He has 15 years experience in Garment Production with Panorama Apparels, I Vow Fashions and Firth Avenue. He is responsible for the production of Knit wears.

Mr. Ravi Chandran is a graduate from MOD (Indian Navy) and joined Indian Terrain Division of Celebrity Fashions Limited in 2008 as Senior Manager - Warehouse Operations. He served the country through Indian Navy for 15 years and 5 years in managing Trims Stores in Celebrity Fashions Ltd and Jeans Knit private Ltd. He is responsible for warehouse operations of ITFL.

Mr. Manikandan J holds a Masters degree in Business Administration with a specialization in Finance from Madurai Kamaraj University and also a Member of The Institute of Company Secretaries of India. He joined in 2010 as Company Secretary and Manager -Finance & Accounts. He has experience of 7 years with Export Credit Guarantee Corporation of India Ltd. He is also the Compliance Officer of the Company.

Mr.Thiyagarajan is a graduate from Bharathidasan University joined Celebrity Fashions Limited in 2003 as Assistant Manager in Finance and Accounts Department. He has 16 years of experience out of which he served in Microsystems Private Ltd and International Clearing and Shipping for 9 years in their financial operations. He is responsible for financial operations of ITFL as Senior Manager.

Mr. Raja V N Rao P is a graduate from Madras University joined Indian Terrain Division of Celebrity Fashions Limited in 2008 as Manager in Finance and Accounts Department. He has 20 years of experience with DST Motors, Hex Bike, SSI Private Ltd and Lifecell International Pvt Ltd. He is responsible for Sales Accounting and Receivables of ITFL.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors approval, in their discretion and will depend on number of factors, including but not limited to our earnings, capital requirements and overall financial position. The company, since its incorporation, has not declared or paid any dividend.

X. PROMOTERS AND SUBSIDIARY COMPANIES

PROMOTERS

Mr. V. Rajagopal - Chairman & Managing Director

Permanent Account Number ADFPR 6333R



Mr. V. Rajagopal, son of Mr. K A Rajagopalan, aged 54 years, M.A in Economics is a first generation entrepreneur. He started his career as an IPS Officer in the Indian Police service where he served for a full decade. He resigned from Indian Police Service in the year 1988 to start Celebrity Connections. He is the Chairman & Managing Director of Celebrity Fashions Ltd and also the Chairman & Managing Director of our Company.

Mrs. Rama Rajagopal – Executive Director

Permanent Account Number ADFPR 7097A



Mrs.Rama Rajagopal, daughter of Mr. Gopal Iyer, aged 54 years is a Post Graduate in Economics from University of Banglore. She was inducted into the Board of Celebrity Fashions in January 1994. She has been involved in the various functions of “Celebrity group” and more particularly on financial aspects. She took over as Executive Director of “Indian Terrain” since inception. She is presently Executive Director of our Company.

In addition to our Promoters the following people constitute our Promoter Group:

1. Mr. K.A Rajagopalan
2. Ms. Anjali Rajagopal
3. Mr. Vidyuth Rajagopal

Promoting Company:

Celebrity Fashions Ltd

The Company was incorporated on April 28, 1988 as Celebrity Fashions Private Limited under the Companies Act, 1956. In the year 1998, the Company became a deemed Public Company under section 43A of the Companies Act 1956. Subsequent to the amendment to the Companies Act 1956, the Company reverted back to the status of a Private Limited Company in the year 1999. In the year 2004, an application for the merger of group companies Celebrity Designs (India) Private Limited and Indian Terrain Clothing Private Limited was filed with the Honourable High Court of Madras and in October 2004, the companies got merged with a Company with effect from April 1, 2003 vide court order dated October 14, 2004. On April 01, 2004 the manufacturing facility of Celebrity Connections, a partnership firm, was taken over by the Company with effect from March 31, 2004. Our Company became a Public Limited Company on September 12, 2005 and subsequently our name changed to Celebrity Fashions Limited.

Main Objects of the Company:

To manufacture, trade deal ,sell and export all kinds of Handloom and Powerloom fabrics, Grey and non-grey fabrics, Ready-made garments, Hosiery Goods, Made-ups, Towels knit wear and fabrics of all descriptions made out of man made fabrics, silk and cotton.

To carry on trade or business of, buying, selling, importing, exporting of all counts of yarns and all types of furnishings, carpets, textiles, whether made of wool or otherwise, handicrafts and coir products.

To carry on the business as traders, dealers, wholesalers, retailers, makers, designers, combbers, scourers, spinners, weavers, finishers, dyers, importers, exporters, and manufacturers of readymade garments, yarns and fabrics of wool, cotton, jute, silk, rayon, nylon and other natural synthetic and / or fibrous substances and / or manufacturers of materials from the waste realized from the above mentioned products either on its own account or on commission and to carry on the business as drappers and dealers of furnishing fabrics in all its branches, as customers, readymade dress and mantle makers, silk mercers, makers and suppliers of clothing, lingerie and trimmings of every kind, furriers, drapers, haberdashers, milliners, hosiers, gloves, lace makers, feather dressers, felt makers dealers in an manufacturers of yarn and fabrics.

To manufacture, deal, sell export all type of leather goods like shoes, boots, slippers, chappals and other fashion leather items.

Name of the Company	Address of the Company	Business Activity	Details of Listing	Board of Directors
Celebrity Fashions Ltd	SDF-IV,C2, 3 rd Main Road, MEPZ/SEZ, Tambaram, Chennai-45, Tel:044-43432200 ; Fax:044-22622897 , E-mail: email@celebritygroup.com	Exports	Listed with BSE & NSE	<ol style="list-style-type: none"> 1. V.Rajagopal-Chairman & Managing Director 2. Mrs.Rama Rajagopal-Director 3. Mrs.Nidhi Reddy – Independent Director 4. Mr.N.K. Ranganath-Independent Director

SHAREHOLDING OF PROMOTERS

Shareholding of Promoters		
Name	No. of Shares	%
Mr. V. Rajagopal	1369423	24.54
Mrs.Rama Rajagopal	1240586	22.23
Total	2610009	46.76

Total Shares	5581331
---------------------	----------------

Shareholding pattern of the Company –Pre Scheme & Post Scheme

Category	Pre-Issue	%	Post Issue	%
Promoters				
Mr. V.Rajagopal	100	0.20	1369423	24.54
Mrs. Rama Rajagopal	100	0.20	1240586	22.23
Sub Total-A	200	0.40	2610009	46.76
Promoters Group				
Anjali Rajagopal	100	0.20	28	0.00
Vidyuth Rajagopal	100	0.20	571	0.01
Rajagopalan.K.A	0	0.00	13	0.00
Ammani Rajagopal	0	0.00	171	0.00
Celebrity Fashions	49200	98.40	0	0.00
Sub Total-B	49400	98.80	783	0.02
Promoters & Promoters Group Holdings (C=A+B)	49600	99.20	2610792	46.78
New Vernon Private Equity Limited	0	0.00	971428	17.40
Reliance Capital Limited	0	0.00	330962	5.93
Bennett,Coleman & Co Limited	0	0.00	376233	6.74
Others	400	0.80	1291916	23.14
Sub Total (D)	400	0.80	2970539	53.22
Grand Total (A+B+C+D)	50000	100.00	5581331	100.00

SUBSIDIARY COMPANY -NIL

XI. FINANCIAL STATEMENTS

The Audited Financial Results of the Company for the period ended March 31,2010 is as under:
AUDITORS REPORT

To the Members of

INDIAN TERRAIN FASHIONS LIMITED

1. We have audited the attached balance sheet of M/S INDIAN TERRAIN FASHIONS LIMITED as at March 31, 2010, 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.

2. 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.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section 4A of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order (as amended) to the extent possible.

4. Further to our comments in the Annexure referred to in paragraph 3 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 accounts, as required by law, have been kept by the Company, so far as appears from our examination of those books.

c. The Balance Sheet dealt with by this report is in agreement with the books of account.

d. In our opinion the Balance Sheet dealt with by this report complies 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 March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet give the information required by the Companies Act, 1956 in the manner so required and gives 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 March 31, 2010:

for ANIL NAIR & ASSOCIATES
Chartered Accountants
Registration No. 175S

Date: 04.06.2010
Place: Chennai

G.ANIL
Partner
Membership No: 22450

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in the paragraph 3 of our report of even date)

1. According to the information and explanation given to us, the company did not own / hold any fixed assets during the period under review. Hence in our opinion paragraph 4 (i) of the order (as amended) are not applicable to the company.

2. As informed to us, the company is yet to commence business operations and did not hold any inventory during the period under review. Hence in our opinion no comment is required with regard to the requirements of para 4(ii) of the Order (as amended).

3. According to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956, Consequently Clauses (iii) (a) to (iii) (g) of paragraph 4 of the order (as amended) are not applicable.

4. 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. The company was yet to commence

commercial operations during the period under review. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

5. According to the information and explanations given to us, the company has not entered into any contract or arrangement referred to in section 301 of the companies Act, 1956, consequently Clause (v)(a) and (v) (b) of paragraph 4 of the order (as amended) are not applicable to the company for the current period.

6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore the provisions of Clause (vi) of paragraph 4 of the order (as amended) are not applicable to the Company.

7. According to the information and explanations given to us, we are of the opinion that since the aggregate of the paid up capital and free reserves of the Company did not exceed Rupees Fifty Lakhs at the commencement of the financial year, this is the first period under review since incorporation and that the company is yet to commence business activities, no comment on the internal audit system is required.

8. To the best of our knowledge and as explained to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities carried out by the Company. Consequently the provisions of Clause (viii) of paragraph 4 of the Order (as amended) are not applicable to the Company.

9. According to the information and explanations given to us the Company is yet to commence any business operations, therefore in our opinion no comments are required with regard to the provisions of clause 4(ix) of the Order (as amended)

10. Since a period of five years has not elapsed since the date of incorporation and the fact that the company has not commenced revenue generation, we are of the opinion that no comment is required regarding the erosion of 50% or more of net worth and cash losses in the current year or in the immediately preceding financial years as required under clause(x) of para 4 of the order (as amended)

11. Based on our audit procedures and according to the information and explanations given to us, the company has not borrowed from financial institutions or banks till 31st March, 2010. Hence in our opinion, the question of reporting on defaults in repayment on dues to financial institutions or banks does not arise. The Company did not have any debentures outstanding during the year.

12. According to the information and explanations given to us during the period under review, the Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.

13. 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 (as amended) do not apply to the Company.

14. As per the records of the Company and the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.

15. 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.

16. To the best of our knowledge and belief and according to the information and explanations given to us, during the period under review the Company has not obtained any term loans. Hence, comments under clause (xvi) of the Order (as Amended) are not called for.

17. According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on a short term basis have not been used for long term investments.

18. The Company has not made any preferential allotment of shares to Companies/Firms/Parties covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company did not have any outstanding debentures during the period.

20. The Company has not raised any money by way of public issue during the period covered by our audit report. Hence in our opinion Clause 4(xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.

21. Based upon the audit procedures performed and information and explanations given by the management we report that 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

Date: 04.06.2010
Place: Chennai

BALANCE SHEET AS ON 31ST MARCH 2010

Rs. In Lakhs
As At
31-Mar-10

SOURCES OF FUNDS

Authorized Share Capital (5,00,000 Equity Shares of Rs.10/- each)	50.00
Shareholders Funds Issued,Subscribed and paid up Share Capital (50,000 Equity Shares of Rs.10/- each fully paid up)	5.00
Total	5.00

APPLICATION OF FUNDS

Current Assets, Loans & Advances

A) Current Assets Cash and Bank Balances	3.76
	3.76
B) Less: Current Liabilities & Provisions Current Liabilities	0.01
Provisions	- 0.01
Net Current Assets	3.75
Preliminary Expenses written off	1.25
Total	5.00

Notes:

1. The Company has not earned any income and incurred any expenditure. The expenses incurred are in the nature of preliminary expenses and hence Profit & Loss account not prepared.
2. This being the first year previous year figures are not applicable.

For Anil Nair & Associates
Chartered Accountants
Registration #175S

For and on Behalf of the Board

V. Rajagopal
Chairman & Managing Director

LATEST AUDITED FINANCIAL STATEMENT

30.09.2010

Dr. C.N. GANGADARAN
B.Com., FCA, MBIM (Lond.), Ph.d.

S. NEELAKANTAN
B.Com., FCA

R. THIRUMALMARUGAN
M.Com., FCA

G. CHELLA KRISHNA
M.Com., FCA, PGPM

CNGSN & ASSOCIATES

CHARTERED ACCOUNTANTS

"Agastyar Manor"

New No.20, Old No.13, Raja Street,
T.Nagar, Chennai - 600 017.

Tel. : 2431 1480. Fax : 2431 1485

Website : www.cngsn.com

D. KALAIALAGAN
B.Com., FCA

B. RAMAKRISHNAN
B.Com., FCA, Grad. CWA

V. VIVEK ANAND
B.Com., FCA

AUDITOR'S REPORT

We have audited the attached Balance Sheet of **M/S INDIAN TERRAIN FASHIONS LIMITED** and the Profit and Loss Account for the period 01.04.2010 to 30.09.2010. 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. 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 and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred in sub section (3C) of Section 211 of the Companies Act, 1956.



CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS

e) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements 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 30th September 2010;

ii) in the case of the Profit and Loss Account of the Profit for the period 01.04.2010 to 30.09.2010.

for **CNGSN & ASSOCIATES**
Chartered Accountants
Registration No 4915S


C.N. GANGADARAN
Partner
Membership No 11205



Place: Chennai

Date :

14/2/2011

Indian Terrain Fashions Limited			
Balance Sheet as at 30th September 2010		Rs. In lakhs	
	Sch #	As At 30-Sep-10	As At 31-Mar-10
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	558.13	5.00
Share Application Money		-	-
Reserves & Surplus	2	1,221.56	-
		1,779.69	5.00
Loan Funds			
Secured Loans	3	4,398.67	-
		4,398.67	-
Deferred Tax Liability			
		-	-
Total		6,178.36	5.00
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	894.02	-
Less: Depreciation		41.33	-
Net Fixed Assets		852.69	-
Current Assets, Loans & Advances			
A) Current Assets			
Inventories	5	2,026.73	-
Sundry Debtors	6	4,401.12	-
Cash and Bank Balances	7	311.79	3.76
Other Current Assets	8	47.79	-
Loans & Advances	9	690.79	-
		7,478.21	3.76
B) Less: Current Liabilities & Provisions			
Current Liabilities	10	2,152.53	0.01
Provisions		-	-
		2,152.53	0.01
Net Current Assets		5,325.68	3.75
Preliminary Expenses to be written off		-	1.25
Total		6,178.36	5.00
Significant Accounting Policies and Notes on Accounts	20		
To be read with our report of even date			
For CNGSN & Associates		For and on Behalf of the Board	
Chartered Accountants			
Registration # 4915S			
		V. Rajagopal	
		Chairman & Managing Director	
C.N.Gangadaran			
Partner			
Membership # 11205			
Chennai, 14 February 2011			

Indian Terrain Fashions Limited		
Profit and Loss a/c as on 30th September 2010		Rs. In Lakhs
Particulars	Sch	30-Sep-10
	#	
INCOME		
Income From Operations	11	6,123.02
Other Income	12	26.94
Increase / (Decrease) In Stock	13	184.94
Total		6,334.90
EXPENDITURE		
Cost of Materials	14	2,510.66
Employees Costs	15	277.18
Other Manufacturing Costs	16	1,005.04
Administrative & Other Costs	17	436.58
Selling & Distribution Costs	18	1,379.59
Interest & Other Finance Costs	19	259.21
Depreciation		44.48
Miscellaneous Expenditure written off		1.25
Total		5,913.97
Profit before Extra-Ordinary Income		420.93
Provision for Income Tax		
Current Tax		-
Deferred Tax		-
Fringe Benefit Tax		-
Net Profit After Tax		420.93
Significant Accounting Policies and Notes on Accounts	20	
To be read with our report of even date		
For CNGSN & Associates		For and on Behalf of the Board
Chartered Accountants		
Registration # 4915S		
		V. Rajagopal
		Chairman & Managing Director
C.N.Gangadaran		
Partner		
Membership # 11205		
Chennai, 14 February 2011		

Indian Terrain Fashions Limited	
Schedules annexed to and forming part of the Balance Sheet as at 30th September 2010	
Particulars	Rs.in lakhs
	As at Sep-10
SCHEDULE - 1	
<u>SHARE CAPITAL :</u>	
Authorized Capital: 1,20,00,000 (Prev. Yr. 5,00,000) Equity Shares of Rs.10/- each	1,200.00
Issued, Subscribed and Paid up Capital : 55,81,331 (Prev Yr 50,000) Equity Shares of Rs.10/- each	558.13
	<u>558.13</u>
Subsequent to scheme of Demerger approved by Hon'ble High Court of Madras, the above shares has been issued to the existing shareholders of Celebrity Fashions Limited in the proportion of 2 shares for every 7 shares held in Celebrity Fashions Limited.	
SCHEDULE - 2	
<u>RESERVES & SURPLUS :</u>	
Capital Reserves	800.63
Profit and Loss Account	
Opening Balance	-
Additions during the year	420.93
	<u>420.93</u>
	<u>1,221.56</u>
SCHEDULE - 3	
<u>SECURED LOANS :</u>	
Working Capital facilities	1,616.96
Term Loans	2,781.71
	<u>4,398.67</u>
SCHEDULE - 5	
<u>INVENTORIES :</u>	
Raw Materials	298.98
Trims and Packing Materials	67.37
Work-in-Progress	121.26
Finished Goods / Traded Goods	1,539.13
	<u>2,026.73</u>
SCHEDULE - 6	
<u>SUNDRY DEBTORS :</u>	
More than six months - unsecured & considered good	428.46
Others	3,972.66
	<u>4,401.12</u>

Indian Terrain Fashions Limited	
Schedules annexed to and forming part of the Balance Sheet as at 30th September 2010	
Particulars	Rs.in lakhs
	As at Sep-10
SCHEDULE - 7	
<u>CASH AND BANK BALANCES :</u>	
Cash on hand	4.61
Balance with Scheduled Banks	
in Current Account	286.44
in deposit Account	20.74
	311.79
SCHEDULE - 8	
<u>OTHER CURRENT ASSETS :</u>	
Service Tax Receivable	42.01
Prepaid Expenses	5.77
	47.79
SCHEDULE - 9	
<u>LOANS AND ADVANCES :</u>	
Advance Recoverable in cash or in kind for value to be received	175.30
Tax Deducted at Source	0.67
Deposits-Government or Public Bodies	3.77
Deposits-others	511.04
	690.79
SCHEDULE - 10	
<u>CURRENT LIABILITIES :</u>	
Sundry Creditors	
- Trade	880.95
- Expenses & Others	757.18
Other Current Liabilities	514.39
	2,152.53

Indian Terrain Fashions Limited	
Schedules annexed to and forming part of the Balance Sheet as at 30th September 2010	
Particulars	Rs.in lakhs
	As at Sep-10
SCHEDULE - 11	
<u>INCOME FROM OPERATIONS</u>	
Domestic Sales	6,123.02
	6,123.02
SCHEDULE - 12	
<u>OTHER INCOME :</u>	
Others	26.94
	26.94
SCHEDULE - 13	
<u>INCREASE/(DECREASE) IN STOCK :</u>	
Closing Stock	
- Finished Goods / Traded Goods	1,539.13
- Stock in Process	121.26
Opening Stock	
- Finished Goods / Traded Goods	1,334.90
- Stock in Process	140.55
INCREASE / (DECREASE) IN STOCK	184.94
SCHEDULE - 14	
<u>COST OF MATERIALS :</u>	
Opening Stock of Raw materials	353.29
Add: Purchases	
-- Rawmaterials (Including Packing Materials)	1,679.23
-- Finished Goods	844.48
Less: Closing Stock of Raw Materials	366.35
	2,510.66
SCHEDULE - 15	
<u>EMPLOYEE COSTS :</u>	
For Factory Staff	
Wages, Salaries, Bonus & Exgratia	31.97
Statutory Contributions	3.00
Welfare Expenses	3.77
For Other Staff	
Salaries, Bonus & Exgratia	222.37
Statutory Contributions	10.15
Welfare Expenses	5.91
	277.18

Indian Terrain Fashions Limited	
Schedules annexed to and forming part of the Balance Sheet as at 30th September 2010	
Particulars	Rs.in lakhs
	As at Sep-10
SCHEDULE - 16	
<u>OTHER MANUFACTURING COSTS :</u>	
Garment Processing & Washing Charges	948.68
Power & Fuel	2.62
Consumables Stores	0.11
Other Manufacturing and Operating Expenses	53.63
	<u>1,005.04</u>
SCHEDULE - 17	
<u>ADMINISTRATIVE & OTHER COSTS :</u>	
Rent, Rates and Taxes	298.86
Consultancy Charges	36.04
Traveling & Conveyance	40.74
Printing & Stationery	1.65
Repairs & Maintenance - (Office maintenance)	5.41
Vehicle Fuel & Repairs	0.03
Power & Fuel	23.48
Insurance	1.02
Communication Expenses	14.15
Auditors' remuneration	
- Statutory Audit	2.54
Remuneration to Directors	12.00
Books, Periodicals & Subscriptions	0.66
	<u>436.58</u>
SCHEDULE - 18	
<u>SELLING & DISTRIBUTION COSTS :</u>	
Advertisement	336.46
Selling Commission & Discounts	662.13
Bad Debts	57.00
Entertainment & Sales Promotion Expenses	55.52
Showroom Maintenance	61.96
Shipping Charges	206.52
	<u>1,379.59</u>
SCHEDULE - 19	
<u>FINANCE COSTS :</u>	
Interest - Term Loan	130.46
Interest - Working Capital & Others	103.26
Bank Charges	25.49
	<u>259.21</u>

Indian Terrain Fashions Limited
Schedule # 20 to the Balance Sheet Dated 30th September 2010

Significant Accounting Policies and 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. Dividend Income, if any, is recognised on Cash Basis.
5 Retirement Benefits:	Expenditure relating to Provident Fund are charged to Profit & Loss A/c on accrual basis. Gratuity Liability under Payment of Gratuity Act is determined on the basis of an actuarial valuation made at the end of the financial year and in accordance with Revised Accounting Standard 15.
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.
7 Impairment of Assets:	An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. The Company has a policy of comparing the Recoverable Value of Assets with the Carrying Costs and recognizing impairment when required.
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. The Company has not provided for Service Tax liability for Rs.109.69 lakhs on commercial places taken on lease in view of the legal opinion that there is no liability to pay Service Tax consequent to Delhi High Court pronouncement on identical issue. The Delhi High Court vide its judgement dated 18th May 2010 in petition filed by one of the Retailers has restrained the tax authorities from recovering Service Tax on th act of renting of immovable properties on the basis that there is no value addition in this regard. The Company has filed Stay Petition for levy of Service Tax on renting of immovable properties.
9 Share Capital:	The Company was incorporated on 29th September 2009. The Honorable High Court of Madras has Sanctioned the Composite Scheme of Arrangement for the demerger of Domestic Division of Celebrity Fashions Limited into Indian Terrain Fashions Limited vide its order dated 16th August 2010. The Scheme has become effective from 3rd September 2010 and the Appointed Date of Demerger is 1st April 2010. The Record Date for determining the share entitlements in terms of the Scheme was fixed on 27th October 2010. The Company is in the process of getting its shares listed in the Stock Exchanges. Pursuant to the said Scheme of Arrangement, the Shareholders of Celebrity Fashions Limited are allotted equity shares of the Company in the ratio of 2 (two) fully paid equity shares of the Company of the face value of Rs.10/- each for every 7 (seven) equity shares of Rs.10/- each held by them in Celebrity Fashions Limited as on the record date of 27th October 2010. Accounting effect of the said scheme has already been given in the accounts of the Company.
10 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 realized in the due course of the business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.	
11 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 30th September 2010 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to such parties during the year is disclosed as Nil.	

Indian Terrain Fashions Limited
Schedule # 20 to the Balance Sheet Dated 30th September 2010

Significant Accounting Policies and Notes on Accounts

II NOTES ON ACCOUNTS:

Sl.No.	Particulars	Rs. In lakhs 30/09/10		
12 Earnings Per Share:				
	Net Profit for the year before Extra-Ordinary Item	420.93		
	Net Profit for the year after Extra-Ordinary Item	420.93		
	Weighted average number of Equity Shares outstanding	5,581,331		
	Nominal Value per Share - Rs.	10.00		
Earnings per Share - Basic and Diluted				
	Before Extra-Ordinary Items - Rs.	7.54		
	After Extra-Ordinary Items - Rs.	7.54		
Earnings per Share - Basic and Diluted - Annualised				
	Before Extra-Ordinary Items - Rs.	15.08		
	After Extra-Ordinary Items - Rs.	15.08		
13 Managerial Remuneration:				
Computation of Profits as per Sec.349 of the Companies Act, 1956 for remuneration to the Whole Time Directors for the period ended 30th September 2010				
	Profit / (Loss) before Tax	420.93		
	Add:			
	Directors Remuneration	12.00		
	Profit arrived for the purpose of Managerial Remuneration	432.93		
	10% of the above	43.29		
	The details of remuneration paid to the directors is as below:			
	Salaries	12.00		
	Salaries Excludes:			
	1. Communication facilities at Residence of Directors			
	2. Company Car for Company's business including the Cost of the Vehicle, maintenance and chauffeur salary			
	3. Reimbursement of Medical Expenses			
14 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.				
15 Disclosure in respect of Related Parties pursuant to Accounting Standard 18				
a Key Managerial Personnel:				
Mr. V.Rajagopal				
Mrs. Rama Rajagopal				
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				
Nature of the Transactions	Note 16 (a) Above	Note 16 (b) Above	Note 16 (c) Above	
(i) Directors' Remuneration	12.00			
(ii) Jobwork charges & Raw material purchases from Celebrity Fashions Limited			18.48	
16 Information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956:				
I Earnings in Foreign Currency:				
Export of Goods - FOB Value				-
II Expenditure in Foreign Currency:				
a Travel				3.58
17 This being the first year of operation of the Company after demerger of Domestic Division from Celebrity Fashions Limited, there is no previous years figures for comparison.				
To be read with our report of even date				
For CNGSN & Associates		For and on behalf of the Board		
Chartered Accountants				
Registration # 4915S				
C.N.Gangadaran		V Rajagopal		
Partner		Chairman & Managing Director		
Membership # 11205				
Chennai, 14 February 2011				

XII. DETAILS AND FINANCIAL HIGHLIGHTS OF COMPANIES UNDER SAME MANAGEMENT

Details & Financial Highlights of Companies under Same Management

The details of Promoters post Scheme of Arrangement are as follows:

1. Celebrity Fashions Ltd

The Company was incorporated on April 28, 1988 as Celebrity Fashions Private Limited under the Companies Act, 1956. In the year 1998, the Company became a deemed Public Company under section 43A of the Companies Act 1956. Subsequent to the amendment to the Companies Act 1956, the Company reverted back to the status of a Private Limited Company in the year 1999. In the year 2004, an application for the merger of group companies Celebrity Designs (India) Private Limited and Indian Terrain Clothing Private Limited was filed with the Honourable High Court of Madras and in October 2004, the companies got merged with effect from April 1, 2003 vide court order dated October 14, 2004. On April 01, 2004 the manufacturing facility of Celebrity Connections, a partnership firm, was taken over by our Company with effect from March 31, 2004. Our Company became a Public Limited Company on September 12, 2005 and subsequently our name changed to Celebrity Fashions Limited.

CIN: -L17121TN1988PLC015655 Date of Incorporation: - April 28, 1990

The main objects Celebrity Fashions are as follows: -

Main Objects of the Company:

To manufacture, trade deal ,sell and export all kinds of Handloom and Powerloom fabrics, Grey and non-grey fabrics, Ready-made garments, Hosiery Goods, Made-ups, Towels knit wear and fabrics of all descriptions made out of man made fabrics, silk and cotton.

To carry on trade or business of, buying, selling, importing, exporting of all counts of yarns and all types of furnishings, carpets, textiles, whether made of wool or otherwise, handicrafts and coir products.

To carry on the business as traders, dealers, wholesalers, retailers, makers, designers, combbers, scourers, spinners, weavers, finishers, dyers, importers, exporters, and manufacturers of readymade garments, yarns and fabrics of wool, cotton, jute, silk, rayon, nylon and other natural synthetic and / or fibrous substances and / or manufacturers of materials from the waste realized from the above mentioned products either on its own account or on commission and to carry on the business as drappers and dealers of finishing fabrics in all its branches, as customers, readymade dress and mantle makers, silk mercers, makers and suppliers of clothing, lingerie and trimmings of every kind, furriers, drapers, haberdashers, milliners, hosiers, gloves, lace makers, feather dressers, felt makers dealers in an manufacturers of yarn and fabrics.

To manufacture, deal, sell export all type of leather goods like shoes, boots, slippers, chappals and other fashion leather items.

Promoter and Non-Promoter Shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	9143796	46.81
Non-Promoter shareholding	10390869	53.19
TOTAL	19534665	100.00

Composition of Board of Directors

Mr. V.Rajagopal, Chairman & Managing Director
 Mrs. Rama Rajagopal, Director
 Mrs. Nidhi Reddy, Independent Director
 Mr. N.K. Ranganath, Independent Director

Financial Performance

(Rs. in lakhs)

Particulars	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2007	31 st March 2006
Total Income	29522.38	23659.02	33681.81	33328.24	16211.63
Profits before tax and exceptional items	(2055.51)	(11905.19)	(1930.22)	(639.17)	1375.19
Net Profit after tax and exceptional items	(1222.78)	(11934.31)	(1959.92)	(550.17)	970.68
Equity share capital	1814.33	1784.17	1783.24	1780.98	1779.62
Basic Earning Per Share (EPS)	(6.78)	(66.91)	(11.00)	(3.09)	7.42

Details of Listing

The Shares of Celebrity Fashions Ltd are listed on Bombay Stock Exchange and National Stock Exchange. Monthly High and Low Price during preceding 12 months

Particulars	BSE		NSE	
	High	Low	High	Low
December 2009	20.40	17.90	20.60	18.00
January 2010	27.80	18.70	28.40	18.85
February 2010	21.40	17.65	22.00	17.95
March 2010	25.90	19.60	26.00	19.90
April 2010	25.25	22.75	25.20	22.85
May 2010	25.15	21.55	24.95	21.75
June 2010	23.10	21.35	23.40	21.30
July 2010	32.55	21.35	32.70	21.50
August 2010	32.00	28.15	32.00	28.25
September 2010	32.15	29.10	32.50	29.00
October 2010	37.20	15.30	37.95	15.40
November 2010	28.45	14.35	28.70	14.60

1. Celebrity Clothing Ltd

Celebrity Clothing Limited, having its registered office at SDF-IV & C2, 3rd Main Road, MEPZ-SEZ, Tambaram, Chennai-600 045 was incorporated as a public limited company on 30th September, 2009.

CIN: U18101TN2009PLC073049

Date of Incorporation: - 30th September 2009

The main objects of Celebrity Clothing Limited are as follows: -

To manufacture, trade, deal, sell and export all kinds of Handloom and Power loom fabrics, Grey and non-grey fabrics. Ready-made garments, Hosiery Goods, Made-ups, towels knitwear and fabrics of all descriptions made out of man made fabrics, silk and cotton.

To carry on trade or business of designing, buying, selling, importing, exporting of all counts of yarns and all types of furnishings, carpets, textiles, whether made of wool or otherwise, handicrafts and coir products.

To carry on the business as traders, dealers wholesalers, retailers, makers, designers, combbers, scourers, spinners, weavers, finishers, dyers, importers, exporters and manufacturers of readymade garments, yarns and fabrics of wook cotton, june,silk, rayon, nylon and other natural synthetic and / or fibrous substances and / or manufacturers of materials from waste realized from the above mentioned products either or its own account or on commission and to carry on the business as drapers and dealers of furnishing fabrics in all its branches, as customers, readymade dress and mantle makers, silk mercers, makers and suppliers of clothing, lingerie and trimmings of everykind, furriers, drapers, haberdashers, milliners, hosiers, glovers, lace makers, feather dressers, felt makers dealers in an manufactuers of yarns and fabrics.

Promoter and Non-Promoter Shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	49800	99.60
Non-Promoter shareholding	200	0.40
TOTAL	50,000	100.00

Composition of Board of Directors

Mr.V. Rajagopal Chairman & Managing Director

Mrs. Rama Rajagopal, Director

Mr. N.k. Ranganath , Independent Director

Financial Performance

The Company has not earned any income and incurred any expenditure. The expenses incurred are in the nature of preliminary expenses and hence profit & loss account was not prepared.

XIII. MANAGEMENT DISCUSSION AND ANALYSIS

Indian Terrain Fashions Limited, having its registered office at 208, Velachery Tambaram Road, Narayanapuram, Pallikaranai, Chennai – 600100 was incorporated as a public limited company on 29th September, 2010.

The management of Celebrity Fashions Limited and Indian Terrain Fashions Limited were of the opinion that the Scheme of Arrangement would lead to synergies of operations and more particularly the following benefits:

- CFL is engaged in the business of manufacturing, buying, selling, marketing dealing, trading, developing, importing and exporting all kinds of textile fabrics and textile products made out of cotton etc.
- In order to explore the potential to the fullest and provide focused leadership and management attention, it was intended to demerge the domestic division to ITFL.
- Further in the interest of the shareholders of CFL it is believed that the demerger of Domestic Division to a separate company with a focused strategy would enhance shareholder value.
- The demerger by the Scheme of Arrangement will enable the shareholders of CFL to hold shares directly in ITFL.
- The Scheme provides financial flexibility to ITFL.

The Scheme of Arrangement between CFL & the company was sanctioned by Hon'ble High Court of Judicature at Madras vide its order dated August 16, 2010. Pursuant to the Scheme, the company has allotted equity shares to the eligible allottees as on October 27, 2010 (Record date fixed by Board of Directors of CFL) as mentioned under clause 1.16 of the Scheme. For more on the Scheme and its benefits, please refer Salient Features of the Scheme of Arrangement mentioned in this Information Memorandum.

OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

Metropolitan Trading Company v. Celebrity Fashions Private Limited (Civil Suit No. 88 of 2005)

Metropolitan Trading Company, a partnership firm has filed a civil suit against us in the High Court of Calcutta bearing number 88 of 2005 whereby they have alleged that we are in infringement of their registered design and copyright of the buttons used by the Petitioner (three hole buttons) which has a unique shape and configuration and is registered under the Designs Act, 2000, bearing Registration No. 188550 dated March 26, 2002 in class 02 - 07 and also renewed up to its full term till March 26, 2017. The Petitioners have prayed for a decree for permanent injunction restraining us from infringing the registered design and the copyright, a decree for perpetual injunction restraining us from using the registered design being the 'three hole button' in any of our shirts or other article, a decree of andatory injunction directing us to deliver all our articles on which three hole buttons of the plaintiff's registered design or any fraudulent or obvious imitation thereof has been applied and to deliver up all our publicity materials in respect thereof, a decree of mandatory injunction to be made to direct us to furnish accounts of all sales of shirts and other products using three hole buttons of the plaintiff's design. We have to filed our reply to the said petition on December 06, 2005.

GOVERNMENT APPROVALS

No Government licenses and approvals are necessary for the company to carry on its business activity.

REGULATORY AND STATUTORY DISCLOSURES

Authority for Listing

The Honorable High Court of Judicature at Madras, vide its order dated 16th August, 2010 has approved the Scheme of Arrangement for the demerger of the Domestic Division of CFL in ITFL. Pursuant to Sections 391 to 394 of the Companies Act, 1956, the Domestic Division of CFL stands transferred and vest with the Company with effect from April 01, 2010 (the Appointed Date under the Scheme). In accordance with the said Scheme, the Equity shares of the Company issued and allotted pursuant to the Scheme as well as its Pre-Scheme equity shares shall be listed and admitted to trading on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Disclaimer from the Company

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI(ICDR) Regulations 2009 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Eligibility Criterion

There being no Initial Public Offering or Rights Issue, the eligibility criteria in terms of Clause 4(2) of SEBI (ICDR) Regulations 2009 does not become applicable. The Company has submitted its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to BSE and NSE for making the said Information Memorandum available to public through their website viz. www.bseindia.com and www.nseindia.com.

The Company will publish an advertisement in the newspapers containing its details in line with the details required as in terms of SEBI (ICDR) Regulations 2009. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

Disclaimer – BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated 5th April 2010 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or

- Warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company; and
- It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer – NSE

As required, a copy of this Information Memorandum has been submitted to NSE. The NSE has vide its letter dated 9th April 2010 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that approval the NSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

This Information Memorandum has been filed with BSE and NSE.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as Designated Stock Exchange for the aforesaid listing of the shares.

The Company shall at all times, ensure that it has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Facility

The Company has executed Tripartite Agreements with the Registrar & Transfer Agent and the Depositories, NSDL and CDSL for admitting its securities in demat form and has been allotted ISIN **INE611L0103**.

The shares issued and allotted by the company pursuant to the Scheme of Arrangement will be credited to the Demat accounts of the eligible shareholders of CFL as on the Record Date and who have furnished the necessary details to the company.

Despatch of Share Certificates

Upon issue and allotment of the shares of the company in the physical form to the eligible shareholders of CFL as on the Record Date, the company will dispatch such share certificates to the respective shareholders.

Expert Opinion

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Previous Rights & Public Issues

Since incorporation, the company has not issued any shares under Rights issue or Public issue.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its incorporation.

Promise vis-à-vis performance

This is for the first time that the Company is getting listed on the Stock Exchange

Debentures or bonds and redeemable preference shares and other instruments issued by the issuer Company under the Scheme of Arrangement

The Company has not issued any securities other than 55,81,331 equity shares pursuant to the Scheme of Arrangement.

Stock Market Data for Equity shares of the Company

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum.

Disposal of Investor Grievances

Link Intime India Private Limited (LI IPL) is the Registrar and Transfer Agent of the Company. LI IPL has set up a separate cell for the investors / shareholders of the company for accepting and processing their documents/requests/complaints.

All documents are processed by professionally trained personnel. Subsequent to the completion of the process the documents, the documents are scrutinized thoroughly.

The Company has set up service standards for each of the various processes involved such as effecting the transfer/dematerialization of securities/change of address.

The Company has appointed Mr. J.Manikandan, Company Secretary as the Compliance Officer and he may be contacted in case of any queries. He can be contacted at the following address:

Mr. J,Manikandan
SDF-IV & C2, 3rd Main Road,
MEPZ-SEZ, Tambaram,
Chennai 600 045
Tel: 044- 42279241
E-mail: manikandan.j@indianterrain.com

IMPORTANT CLAUSES OF ARTICLES OF ASSOCIATION OF THE COMPANY

SHARE CAPITAL

CAPITAL

The Authorised Share Capital of the Company is Rs 12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees ten only) each.

POWER TO INCREASE OF CAPITAL

The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increase capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction is given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Articles, the Directors shall comply with the provisions of Section 97 of the Act.

NEW CAPITAL SAME AS EXISTING CAPITAL

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

BUY BACK OF SHARES

Subject to the provisions of sections 77A, 77AA, 77B and 217(2B) of the Act, the Company is hereby authorized to buy back the company's shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any shares or other specified securities; provided that no buy back or any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or the same kind of other specified securities.

REDUCTION OF CAPITAL

The Company may (subject to the provisions of Section 78, 80 and 100 to 105 inclusive, of the Act) from time to time by Special Resolution, reduce its share capital and any capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES

Subject to the provisions of Section 94 of the Act the Company in General Meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine, that, as between the holder of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to aforesaid the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF RIGHTS

Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act be varied, modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted.

FURTHER ISSUE OF CAPITAL

(a) Subject to the provisions of the Act where at any time after the expiry of two years from the formation of the Company or the expiry of one year from the allotment of shares made for the first time after its formation whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued

share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at the date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in the preceding sub-clause the Company may: -

i) by a special resolution; or

ii) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.

(c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares, or to subscribe for shares in the Company.

SHARES UNDER CONTROL OF DIRECTORS

Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at premium or at par or a discount and such option being exercisable for such time and for such consideration as the

Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

LIABILITY OF MEMBERS

Every Member, or his heirs, executors, or administrator shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

SHARE CERTIFICATES

Every Member or allottee of shares shall be entitled with or without payment to receive one share certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole time Director. Particulars of every share Certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or

lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

RENEWAL OF CERTIFICATES

No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.

When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. and sub-divided/ replaced/on consolidation of shares".

If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No." The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewal and Duplicate Certificates indicating against the name of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" Column.

All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, fascimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue

of share certificates except the blank forms of shares certificates referred to in Sub-Article (f).

If any share stand in the names of two or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

DEMATERIALISATION OF SECURITIES

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

CALLS

DIRECTORS TO MAKE CALLS

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at all times and places appointed by the Board. A call may be made payable by installments.

Whenever any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article, shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

CALLS TO DATE FROM RESOLUTION

A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board and may be made payable by the Members whose names appears on the Register of Members on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.

CALLS TO CARRY INTEREST

If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

SUMS DEEMED TO BE CALLS

Any sum, which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

PROOF ON TRIAL OF SUIT FOR MONEY DUE ON SHARES

On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the Member or his representatives issued in pursuance of these Articles, and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

PAYMENT IN ANTICIPATION OF CALLS MAY CARRY INTEREST

The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time the amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or participate in profits.

FORFEITURE AND LIEN

IF MONEY PAYABLE ON SHARES NOT PAID NOTICE TO BE GIVEN TO MEMBERS

If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

FORM OF NOTICE

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed,

the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

IN DEFAULT OF PAYMENT, SHARES MAY BE FORFEITED

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share not actually paid before the forfeiture.

NOTICE OF FORFEITURE TO A MEMBER

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

FORFEITED SHARES TO BE PROPERTY OF COMPANY AND MAY BE SOLD ETC.

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

POWER TO ANNUL FORFEITURE

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it think fit.

MEMBER LIABLE TO PAY MONEY OWING AT TIME OF FORFEITURE AND INTEREST

Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

EFFECT OF FORFEITURE

The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

EVIDENCE OF FORFEITURE

A declaration in writing from a Director or Secretary of the Company that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

COMPANY'S LIEN ON SHARES

The Company shall have a first and paramount lien on every share (other than fully paid-up shares) for all moneys (whether presently payable or not) payable at a fixed time in respect of such share. PROVIDED THAT the Board may, at any time, declare any share to be wholly or in part exempt from the provisions of this Articles.

ENFORCEMENT OF LIEN BY SALE

For the purpose of enforcing such lien as aforesaid, the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made:

- (a) unless a sum in respect of which the lien exists is presently payable; and
- (b) until the expiration of seven days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists and as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by transmission, and default shall have been made by him in payment of the sum payable as aforesaid for seven days after such notice.

APPLICATION OF PROCEEDS OF SALES

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of sale.

VALIDITY OF SALE

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and may cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the Purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION

REGISTER OF TRANSFER

The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

FORM OF TRANSFER

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their restrictions thereof.

DIRECTOR'S POWER TO REFUSE TO REGISTER A TRANSFER

Subject to the provisions of Section 111 of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee be already a member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

TITLE TO SHARES OF DECEASED HOLDERS

The executors or administrators of holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such

executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 63 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a Member.

No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

CLOSURE OF REGISTER OR MEMBERS OR DEBENTURE HOLDERS

The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture-holders at such time or times and for such period or periods, not exceeding in the aggregate forty-five days in each year, and thirty days at one time.

TRANSMISSION CLAUSE

Subject to the provisions of the Act and Articles 60 and 61 any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause".

COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF A TRANSFER

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to an transfer of shares made or purporting to be made by any

apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

BORROWING POWERS

POWER TO BORROW

Subject to the provisions of Sections 58A, 292 and 293 of the Act the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposit from members either in advance of calls or otherwise and generally raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

MEETING OF MEMBERS

ANNUAL GENERAL MEETING AND ANNUAL RETURN

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Provided that it will be permissible to hold its first Annual General Meeting within a period of not less than eighteen months from the date of its incorporation; and if such meeting is held within that period it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following calendar year. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (i) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time

during business hours, on a day that is not a public holiday, and shall be held at the Registered office of the Company or at some other place within the city in which the Registered office of the Company is situate as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Audited Statement of Accounts. Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

EXTRA ORDINARY GENERAL MEETING

The Board may, whenever it thinks fit, call on Extra ordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

NOTICE OF MEETING

Save and except the Statutory Meeting, twenty-one days' notice at the least of every General Meeting, Annual or Extra-Ordinary, and by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other Meeting, with the consent of the Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other Meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item or special business relates to, or affects any other company, the extent of share holding interest in the other company of every Director, and the Manager, if any of the Company shall also be set out in the

statement if the extent of such shareholding interest is not less than 2 percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

OMISSION TO GIVE NOTICE NOT TO INVALIDATE A RESOLUTION PASSED

The accidental omission to give any such notice as aforesaid to any of the Members, or the non receipt thereof shall not invalidate any resolution passed at any such Meeting.

VOTES OF MEMBERS

VOTING IN PERSON OR BY PROXY

Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.

NUMBERS OF VOTES TO WHICH MEMBERS ARE ENTITLED

Subject to the provisions of the Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares.

DEPOSIT OF INSTRUMENT OF APPOINTMENT

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the

instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

DIRECTORS

NUMBER OF DIRECTORS

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not be more than twelve excluding Ex-officio Directors/ Nominee Directors/ Debenture Directors and Alternate Directors.

RIGHT OF PROMOTORS TO APPOINT MAJORITY OF DIRECTORS

Promoters shall as long as they hold not less than 26% of the total Paid-up Share Capital of the Company be entitled by a notice in writing addressed to the Company by its authorised representative, to appoint such number of person or persons as Director or Directors of the Company as shall, together with the Managing Director or Managing Directors constitute majority of the total number of Directors for the time being of the Company, and to remove such person or persons from office of Director or Directors and on a vacancy being caused in such office due to any cause whatsoever whether by resignation, retirement, death, removal or otherwise, of any such person or persons so appointed, to appoint another or others to fill such vacancy or vacancies. An appointment or removal of the Director or Directors under this Article shall become effective forthwith upon receipt by the Company of the aforesaid writing. Subject to the provisions of the Act, the Director or Directors so appointed by Promoters shall not be liable to retire at any General Meeting of the Company.

APPOINTMENT OF ALTERNATE DIRECTOR

The Board may appoint an Alternate Director recommended for such appointment by the Director (hereinafter called the original Director) in whose place is being appointed during his absence for a period of not less than three months from the State in which the meeting of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.

QUALIFICATION OF DIRECTORS

A Director of the Company shall not be required to hold qualification shares.

RETIREMENT AND ROTATION OF DIRECTORS

At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from Office of Directors. The non-retiring Directors Ex-Officio Directors/Nominee Directors and Debentures Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.

Subject to provisions of the Act, the Directors to retire by rotation under Article 194 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall in default of and subject to any agreement among themselves, be determined by lot.

A retiring Director shall be eligible for re-election.

THE SEAL, ITS CUSTODY AND USE

The Board shall provide a Common Seal for the purposes of the Company, and shall have the power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

DEEDS HOW EXECUTED

Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 20(a)

DIVIDENDS

The profits of the Company, subject to any special rights relating thereof created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up and to the period during the year for which the capital is paid-up on the shares held by them respectively.

UNPAID AND UNCLAIMED DIVIDENDS

If the Company has declared a dividend but which has not been paid or a dividend warrant in respect thereof has not been paid within 30 days from the date of declaration to any shareholders entitled to the payment of the dividend the Company shall within 7 days from the date of the expiry of the said period of 30 days open a special account in that behalf in any Scheduled bank called "the unpaid dividend account of "Indian Terrain Fashions Limited".

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

INDEMNITY

INDEMNITY

Subject to Section 201 of the Act, every Director, Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECRECY CLAUSE

Every Director, Manager, Auditor, Treasurer, Trustee, member of a committee, officer, servant, agent, accountant, or other person employed in the business of the Company shall, if so required by the Board, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the

Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process of any other matter, which may relate to the conduct of the business of opinion of Directors, it would be inexpedient in the interest of the Company to disclose.

DOCUMENTS FOR INSPECTION

Documents for Inspection:

1. Memorandum and Articles of Association, as amended till date.
2. Certification of incorporation & other certificates.
5. Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Madras vide its order dated August 16, 2010.
6. ROC filing of the Scheme as on September 03, 2010
7. Letters of approval from BSE and NSE dated 5th April 2010 and 9th April 2010 respectively, conveying their 'No Objection' to the Scheme under Clause 24(f) of the Listing Agreement.
8. Tripartite Agreement between the Company, the RTA and NSDL dated 27th October 2010.
9. Tripartite Agreement between the Company, the RTA and CDSL dated 27th October 2010.

XIX. DECLARATION

To the best of knowledge and belief of the Board of Directors of the company, all statements made in this Information Memorandum are true and correct.

BY ORDER OF THE BOARD OF INDIAN TERRAIN FASHIONS LIMITED

**J.MANIKANDAN
COMPANY SECRETARY AND COMPLIANCE OFFICER**

Date: 8th March 2011

Place: Chennai