



## OUTCOME OF THE BOARD MEETING DATED 23<sup>RD</sup> OCTOBER 2015

### Purchase of Property from Related Party

The Company's Board of Directors in their meeting held on 23<sup>rd</sup> October 2015 has approved the purchase of property situated at 70/2&3A, Agaram Road, Thiruvancherry, Chennai – 6000 073 for the Company's Warehousing operations from Celebrity Fashions Limited for an amount not exceeding Rs.16 crs.

The above property belonging to Celebrity Fashions Limited has been leased by the Company for its warehousing operations for the last 4 years; the property which is spread around 1 acre presently has a built up area of about 45,000 sq.ft. of which Indian Terrain occupies 35,000 sq.ft. at an annual rentals of about Rs.1.20 crs

The existing warehouse is located with close proximity to factories and has good connectivity and access. The warehouse has been under the LEAN management for the last 4 years and has been certified as a workplace following "Best 5S Practices".

With the launch of boys wear and also to cater to the needs of the new market place model in e-retailing, the Company has an immediate requirement for an additional 10,000 sq.ft. of warehousing space. The incremental space coupled with rental escalations will increase the annual rentals to Rs.1.80 crs.

Further in keeping with the business plans and growth ambitions and also considering the changes in the retail landscape, the Company has estimated an eventual requirement of 60,000 sq.ft. as Warehouse space. The removal of constraint of space will enable the Company to move forward swiftly and maximize its multi-channel opportunities, supply chain visibility and thereby improved and more responsive trading decisions.

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#### **INDIAN TERRAIN FASHIONS LIMITED**

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# INDIAN TERRAIN



In light of the above, the Company has evaluated multiple options to meet its warehousing requirements including leasing out of additional space and relocating to a new premises. However the alternative options have not proven any comparative significant advantages both economically and operationally given that:

- the total rentals of the expanded warehouse is around Rs.2 crs;
- the option of multiple warehouses will only lead to inefficiencies in operations and inventory management besides increase to incidental costs
- Relocation which is possible only far outside the city, will result in disruption of operations and also poses challenges on controls and quality management

In view of the circumstances, the Company's Board of Directors after due consideration and evaluation of all the above in terms of the costs and benefits have given their approval to acquire the existing property in whole from Celebrity Fashions Limited subject to requisite shareholders approval. The acquisition will allow for immediate increase in Warehousing Capacity and will also pave way for necessary expansion, create more storage space and thereby improve efficiencies in and serviceability of operations.

The proposed transaction is based on the prevailing fair market conditions with the valuation being arrived by two independent valuers including one from the Company's Banker.

The means of finance for the proposed transaction will only include internal accruals and term loan from Bank at competitive rates. The Company has approached the Bank and the loan process has been initiated.

The Company does not intend to use the funds raised through Qualified Institutional Placement to fund the transaction.

The proposed transaction is being placed before the shareholders and the approval is being sought through a Postal Ballot / e-Voting under applicable laws and regulatory framework.

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