

## Letter to Shareholders

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Dear Shareholders,

It is a privilege to welcome you to the 14<sup>th</sup> Annual General Meeting of the company and also thank all of you for being shareholders in our Company and for supporting the Company's vision over the years.

Many of you may be aware that the past few years have been challenging for the industry. Some of the key one that your Company had to face included – fluctuating currencies, lack of demand in global market, high domestic inflation resulting in spiraling wage costs as well as operating expenses and increase in interest rates.

The company is facing the challenges & trying to bring the business back on track

I thank the Board for their guidance on governance and strategic direction without which we would not have been able to navigate through such turbulent times. I also wish to thank all employees, customers, vendors and other business associates who provide the eco system in which we operate.

And last, but not the least, I wish to thank all the shareholders for their continued and unstinted confidence and trust on the firm.

### **Annual General Meeting 2013**

I am pleased to enclose the Notice of Meeting for the Fourteenth Annual General Meeting (the “AGM”) of Indus Fila Limited together with the 2013 Annual Report and Summary.

The AGM will be held at 9 am on Wednesday, 18<sup>th</sup> December 2013 at the Registered Office of the Company at No.284, 285, T.Begur Village, Kasaba Hobli, Nelamangala, Bangalore Rural District – 562123.

If you will not be attending, you may appoint a proxy by completing and returning the enclosed form of proxy. In each case, notice of appointment of a proxy should reach the company's registered office not later than 48 hours prior to the commencement of the meeting.

As per the provisions of the Companies Act, 1956 and our Articles of Association, some of our current Directors retire by rotation. I therefore request you to support the re-appointment of Mr. Prakash G Mandhana and Gerhard Bornemann who retires by rotation and being eligible, offer themselves for re-appointment.

### **Recommendation:**

Your Board believes that the resolutions contained in the Notice of Meeting are in the best interests of the company and shareholders as a whole and recommends you to vote in favour of them.

Yours truly,

*Nitin Mandhana,*

*Vice Chairman & Managing Director*

## Board of Directors

Mr. Gerhard Bornemann	Chairman
Mr. Nitin N Mandhana	Vice Chairman & Managing Director
Mr. Shashikant G. Mandhana	Executive Director
Mr. Prakash G. Mandhana	Executive Director
Mr. V. Balaji Bhat	Independent Director

## Company Secretary & Compliance Officer

Mr. Hansraj Rathor

## Auditors

Suri & Co, Bangalore

## Registered Office

Survey No. 285, 37th KM Stone, Kasaba Hobli, Nelamangala, Bangalore Rural District – 562 123.

## Corporate Office

No. 107, Industrial Suburb, II Stage, Yeshwanthpur, Bangalore – 560 022.

## Registrar & Share Transfer Agent

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W),  
Mumbai – 400078

## CONTENTS

Letter to Shareholders	1
Notice of the Annual General Meeting	3
Directors' Report	5
Management Discussion and Analysis	9
Corporate Governance Report	12
Certificate from a firm of practicing Company Secretaries on Corporate Governance	21
Certificate from Chief Executive Officer & Chief Financial Officer	22
Auditors' Report	23
Consolidated Auditors' Report	29
Balance Sheet , Profit & Loss Account and Schedules	31
Cash Flow Statement	49
Consolidated Balance Sheet, Profit & Loss Account and Schedules	50
Consolidated Cash Flow Statement	70
Statement of interest in Subsidiary Companies	71
Attendance Slip & Proxy Form	72

**14<sup>th</sup> Annual General Meeting on Wednesday, the 18<sup>th</sup> December, 2013 at 9 a.m  
at the Registered office of the Company at  
No. 285, 37<sup>th</sup> KM Stone, T. Begur Village, Kasaba Hobli, Nelamangala, Bangalore  
Rural District – 562 123  
Annual Report can be accessed at [www.indusfila.com](http://www.indusfila.com)**

## INDUS FILA LIMITED

### Notice of 14<sup>th</sup> Annual General Meeting

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NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of Indus Fila Limited will be held at No. 284, 285 T.Begur Village, Kasaba Hobli Nelamangala, Bangalore Rural District - 562123, Karnataka on Wednesday, the 18<sup>th</sup> December, 2013 at 9 a.m. to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at June 30,2013, Profit & Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Prakash G. Mandhana, who retires by rotation and, being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. Gerhard Bornemann, who retires by rotation and, being eligible, offers himself for re-appointment
4. To appoint Statutory Auditors and to fix their remuneration.

**By order of the Board of Directors**

**For Indus Fila Limited**

**Hansraj Rathor  
CFO & Company Secretary**

**Date:** November 14<sup>th</sup>, 2013

**Place:** Bangalore

#### **Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING, AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Members and Transfer Books of the Company will remain closed from December 17<sup>th</sup>,2013 to December 18<sup>th</sup>,2013 (both days inclusive).
5. Members are requested to notify any change in their address / bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078, Maharashtra in respect of their physical share folios, if any.
6. Members holding shares in the physical form may avail of the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company will vest in the event of death. Interested members may write to the Company Secretary / Registrar & Transfer Agent.
7. Brief resume of the director(s) seeking re-appointment and other details as stipulated under Clause 49 of the Listing Agreement are provided in this report.

# Indus Fila

We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.

**By Order of the Board of Directors  
for Indus Fila Limited**

**Hansraj Rathor  
(CFO & Company Secretary)**

Place: Bangalore

Date : November 14<sup>th</sup>, 2013

## **Annexure I**

### **Details of Directors retiring by rotation**

<b>Name of the Director</b>	<b>Mr. Prakasht G. Mandhana</b>	<b>Mr. Gerhard Bornemann</b>
Date of Birth	21.01.1965	25.09.1939
Date of Appointment	01.04.2006	11.04.2006
Expertise in specific functional areas	Operations & Marketing of Apparel Business	Advisory Functions, International Trade and Marketing
Qualification	B.Tech	Academy of Commerce, Wuppertal, Germany
Directorship held in other companies	03	Nil
Names of the Companies in which Directorship held	1. Andrew Finvest Private Limited 2. Siddmeshwar Investment Pvt Ltd 3. Indus Garments (India) Private Limited	
Committee positions held in companies	Nil	Nil
Number of Shares held in the Company	68826	

**By Order of the Board of Directors  
for Indus Fila Limited**

**Hansraj Rathor  
(CFO & Company Secretary)**

Place: Bangalore

Date: November 14<sup>th</sup>, 2013

## Report of the Board of Directors

**Dear Shareholders,**

Your Directors are pleased to present their 14<sup>th</sup> Annual Report on the business and operations of your Company together with Audited Statements of the Accounts for the financial year ended 30<sup>th</sup> June , 2013.

### 1. Corporate Overview

Indus Fila Limited is one of the most integrated companies in the industry, present across the value chain from fabric to garments. We have added capacities in every segment including yarn dyeing, weaving and processing.

The Company prepares its financial statements in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements are made on prudent and reasonable basis so as to reflect in true and a fair manner the form and the substance of transactions and reasonably present your Company state of affairs, profit and cash flow for the year ended June 30, 2013

### 2. Financial Performance

(Rs. in Lakhs)

PARTICULARS	2012-13	2011-12
<b>TURNOVER</b>	34951.77	46608.73
Profit/(Loss) before Interest, Depreciation & Tax	( 6902.28 )	5233.78
Less: Interest	4957.40	3391.87
Less : Depreciation	1126.83	971.45
Less : Tax	498.07	240.96
<b>Net Profit/(Loss) after taxation</b>	<b>(13484.58)</b>	<b>629.48</b>

The Financial year under review consist of 15 months starting from April 1<sup>st</sup> 2012 to June 30<sup>th</sup> 2013

Your Company has been facing problem of low recovery and high cost of production coupled with recession in Global Market. Interest cost has gone up and accordingly the company suffered huge loss during the year under review.

Your Company recorded a total gross turnover of Rs.34951.77 lakhs for the period ending 30<sup>th</sup> June 2013, as compared to Rs.46608.73 lakhs for the period ending on 31<sup>st</sup> March 2012 while reporting a net loss of Rs.13484.58 lakhs.

Your Company focuses on enhancing shareholder value and looks beyond immediate opportunities by building its businesses with long term relevance.

### 3. Consolidated Accounts

In accordance with the requirements of Accounting Standard AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its wholly owned subsidiary is annexed to this Report.

The Company will make available the audited annual accounts and related information of its subsidiaries, upon request by any of its shareholders. The annual accounts of the subsidiary company will also be kept for inspection, by any member at the registered office of the Company and its Subsidiary Company.

### 4. Dividend

In view of the need to conserve resources and meet working capital requirements, the Board does not recommend dividend.

### 5. Directors

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Prakash G Mandhana and Mr. Gerhard Bornemann retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

None of these Directors are disqualified from being re-appointed as Directors of your Company.

## 6. Audit

M/s Suri & Co., Chartered Accountants, Bangalore, who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and offer themselves for re-appointment as the Statutory Auditors of your Company pursuant to Section 224 of the Companies Act, 1956.

As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained written confirmation from the Statutory Auditors that their appointment if made would be in conformity with the limits specified in the Section.

## 7. Management Discussion & Analysis

The management discussion and analysis on the operations of your Company is set out in the Annexure to this report.

## 8. Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the statements in terms of Sub-section 2AA of Section 217 of the Companies Act, 1956,

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;

## 9. Particulars of Employees under Section 217 (2A)

None of the employees were in receipt of remuneration exceeding the amounts specified in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1988.

## 10. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information pursuant to Clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, viz., a Report on conservation of energy, technology absorption, foreign exchange earnings and outgo, is provided in Annexure I to this Report.

## 11. Corporate Governance

The Company is committed to maintain high standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The report on the Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

## 12. Acknowledgements

Your Directors wish to place on record their appreciation for the contribution made by employees at all levels. Your Directors also wish to thank the customers, suppliers, investors and bankers for their continued support and faith reposed in the Company.

**For and behalf of the Board of Directors**

**Nitin N. Mandhana**  
Vice Chairman & Managing Director

**Balaji Bhat**  
Director

Place: Bangalore  
Date: July 26, 2013

Information under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, forms a part of the Directors' Report for the year ended June 30, 2013.

## A. Conservation of energy

### a) Energy Conservation Measures

Fuel consumption together with the optimization of electrical energy consumption in all the activities remains a focus area for the Company.

As a part of sustainable development initiatives, the following measures to conserve energy were taken:

- I. Stopping of Chillers in winter season to optimize power consumption
- II. Replacement of inefficient motors with energy efficient motors at various places
- III. Optimization of steam consumption and improvement in steam generation by performing convection section cleaning in furnaces at all the plants.
- IV. Identification and replacement of faulty steam traps and minimization of steam leakages done at all the plants. The Company's continued efforts to reduce and optimize the use of energy consumption has shown positive results. The efforts taken to conserve energy will help us to conserve coal and help the environment.

### b) Total Energy Consumption & energy consumption per unit of production.

As per Form 'A' annexed

## B. Technology Absorption, adaption and Innovation

The Company is looking for new process designs and application of efficient machinery for continuous product development and process improvement. The Company strives to reduce its operating costs, make improvements in environmental control, optimization of the product mix and conservation of resources. The major developments during the year were :

1. Implementing of warehouse management system resulting in faster locating of stock in warehouse resulting in speedy delivery.
2. Optimizing the space requirement in warehouse.

## C. Foreign exchange used and earned

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth Rs.4611.50 Lakhs.

Particulars	2012-13 (Rs. in Lacs)
Total Foreign Exchange used	77.30
Total Foreign Exchange earned	4611.50

The Company's major foreign exchange earnings are on account of export of garments and outgo, on account of import of raw materials and capital goods.

## Form "A"

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY			
A. POWER AND FUEL CONSUMPTION			
		2012-13	2011-12
1. ELECTRICITY			
	a. Purchased		
	Unit (KWH)	1648044	3550372
	Total Amount	10569058	2,48,52,601
	Rate / Unit (Rs. / KWH)	Up to 1 lakh Rs. 4.60 above 1 lakh unit Rs. 5.00	Up to 1 lakh Rs. 4.60 above 1 lakh unit Rs. 5.00
	b. Own Generation		
	(i) Through Diesel Generator		
	Unit (KWH)	39460	451617
	Units per litre of Diesel Oil (KWH/Litres)	3.60 Unit / ltr	3.48units/liters
	Cost / Unit (Rs. / KWH)	13.70	13.20
	(ii) Through Steam Turbine / Generator		
	Unit (KWH)	3218204	5887056
	Units per metric tons of coal/fuel / gas	328.72	560.74
	Cost / Unit	10.04	8.85
2. COAL			
	Quantity (tonnes)	9790	27321.58
	Total Cost	3,23,19,541	6,12,01,167
	Average Rate	3301.28	2240.03
3. FURNACE OIL			
	Quantity (K. Ltrs)	NIL	338.35
	Total Cost		1,18,57,579
	Average rate	35045.30	

## CONSUMPTION PER UNIT OF PRODUCTION

Class of products	UOM	Production (including outsourced / job work)		Electricity (units)		Electricity Consumption (KWH per unit of production)	
		12-13	11-12	12-13	11-12	12-13	11-12
Apparels	Pcs	4664773	3715665	1687504	1428566	0.36	0.38
Fabrics	Mtrs	5990020	6868116	3218204	6728064	0.53	0.97

As the products are manufactured and few processes are outsourced under continuous process and with different specification, the consumption shall differ for each category.

For and behalf of the Board of Directors

Nitin N. Mandhana  
Vice Chairman & Managing Director

Balaji Bhat  
Director

Place: Bangalore  
Date: July 26<sup>th</sup>, 2013



### Business Review

#### From Design to Delivery

Your Company is constantly improving operations and innovating new products for better margins. Your Company is on the path to becoming a lifestyle solution for discerning customers with an offering, consisting of a range of fabrics, garments and accessories.

The customers are looking for “value for money “products. This has promoted companies globally to work on strategies for controlling costs and reducing inventories, resulting in lower demand situation and stagnant prices. Further, this year saw lack of demand from the International Market and spiraling operating costs on account of inflationary situations in all Asian economies.

In this backdrop, countries like Bangladesh and Vietnam, with lower cost structures, have been able to increase their market share in USA and Europe. In addition, some of these nations have been benefited by preferential trade agreements which enhance their competitive position. Further, other domestic factors like lack of support from the Central Government have resulted in eroding the competitiveness as well as profitability of the Indian apparels exports industry.

#### Textile Industry

The Textile Industry is one of the most important sectors in the Indian Economy and the second largest generator of employment after agriculture. It contributes more than 4% to the GDP and 17% to the country's export earnings. The Textile sector provides employment to over 3.5 crore people.

#### Opportunities and Threats

India has big advantages in terms of being globally the second largest cotton growing country, second largest producer of cotton yarn, third largest exporter of cotton fabric and fourth largest exporter of synthetic fabric. It also has a large pool of available manpower which is a key resource for our Industry.

India's product design and development capability, integrated supply chain and higher level of social compliance scores above some of the other apparel manufacturing countries. The Company has formulated strategies and identified key focus areas to improve performance in the current environment. Growing market share with existing customers while seeking to increase the proportion of value added products, working towards acquiring new customers with complementary product portfolio, improvement in efficiencies through Lean manufacturing initiatives, and sustained focus on financial management, will drive better performance in 2012-13.

#### Risks and Concerns

The Company focuses on exports to the US and European markets with revenues being denominated in USD/EURO. The Company is exposed to risk of currency fluctuations. The Company mitigates this risk through robust foreign currency management practices.

Inflationary conditions and rise in wage costs in the country may have impact on the profitability of the Company.

#### Internal control systems and their adequacies

Your Company believes in formulating adequate and effective internal control systems and implementing the same, to ensure that assets and interest of the company are safeguarded, and reliability of accounting data and accuracy are ensured with proper checks and balances. The internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements for strengthening them. The Company has a robust Management Information system which is an integral part of the control mechanism

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings, and corrective actions taken.

## **Discussion on financial performance**

### **Income:**

The Company recorded a gross turnover of Rs 34951.77 lacs for the financial year ending 30<sup>th</sup> June 2013 as compared to Rs.46608.73 lacs for the previous financial year.

### **A) EBIDTA:**

The Company's EBIDTA stood at Rs. ( 6902.28 ) lacs for the financial year ending 30<sup>th</sup> June 2013 as compared to Rs.5233.78 lacs for the previous year.

### **B) PAT:**

The Company reported a net loss of Rs. 13484.58 lakhs during the current financial year.

## **Performance of subsidiary company**

### **Indus Garments (India) Private Limited**

The Company recorded a gross turnover of Rs.3838.80 lacs for the financial year ending 30<sup>th</sup> June 2013 as compared to Rs.1145.28lacs for the previous financial year. The Company suffered net loss of Rs.473.32 lacs.

### **Risk Management**

The Company is exposed to risk from market fluctuations of foreign exchanges, interest rates, commodity price, business risk, compliance risks and people risks.

#### ***Foreign Exchange Risk***

The Company's policy is to actively manage its long term foreign exchange risk within the framework laid down by the company's forex policy approved by the Board

#### ***Interest Rate Risk***

Given the interest rate fluctuations, the company has adopted a prudent and conservative risk mitigating strategy to minimize the interest cost

#### ***Commodity price risk***

The Company is exposed to the risk of price fluctuation on raw material as well as finished goods in all of its product. The Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price risk on finished goods.

### **Risk Element in Individual Businesses**

Apart from the risks on account of interest rate, foreign exchange and regulatory changes, various businesses of the company are exposed to certain operating business risk, which are managed by regular monitoring and corrective actions.

### **Compliance Risks**

The Company is exposed to risk attached to various statutes and regulations including the competition Act 2002. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliances audits

### **People Risks**

Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as rollout of strategic talent management system, training and integration of learning activities.

**Environment and safety**

Your Company is conscious of the importance of environmentally clean and safe operations. Your Company 's Policy requires the conduct of all operations in such manner so as to ensure safety of all concerned , compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible .

**Human Resources and Industrial Relations**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR policies to the growing requirements of the business. The Company continues to lay emphasis on people development, especially identifying and nurturing leadership talent in the organization.

**Cautionary Statement**

Statements in this report describing the Company's objectives, projections, estimates, expectations or predications may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

**Date :** July 26<sup>th</sup>, 2013

**Place :** Bangalore

## Corporate Governance Report

Our Corporate Governance philosophy stems from our belief that good corporate governance practices are *sine qua non* for sustainable business that aims at generating long-term value to its stakeholders. A transparent, ethical and robust governance framework helps enhance efficiency, which is an important catalyst in driving business growth across parameters and boosts Investors confidence in the Business entity.

The detailed report on implementation by the Company, of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below:

### 1. Company's Philosophy on Corporate Governance

Indus Fila is steadfast in executing sustainable business practices and provide long term value for all its stakeholders. To pursue this objective, the Company remains firm in its value systems that incorporate integrity, transparency and fairness across all its business activities.

The Company has adopted best practices towards preserving the environment and adherence to the highest safety standards remains a focus area across all operations. Indus Fila's value systems are based on the foundation of fair and ethical practices in all its dealings with stakeholders including customers, vendors and suppliers.

All the Directors and Senior Management are committed to the Company's Code of Conduct, the compliance to which is periodically reviewed.

### 2. Board of Directors

#### I. Composition of the Board

The Board of Directors of the Company consists of three Executive and two Non-Executive Directors. The Chairman of the Board is Non-Executive Director and Independent. Two out of Five Directors are Independent Directors.

#### II. Details of Directors and Directorship held

The names and categories of the Directors on the Board and also the number of Directorships and Committee memberships held by them are given below:

Name of the Director	Designation	Category	Total no. of Director ship	No. of other Committee Memberships#		No. of Shares held by Non Executive Director
				Chairman	Member	
Mr. Gerhard Bornemann	Chairman	Non-Executive; Independent	1	-	2	Nil
Mr. Nitin N. Mandhana	Vice Chairman & Managing Director	Promoter, Executive	6	-	3	N.A
Mr. Shashikant G. Mandhana	Whole – Time Director	Promoter, Executive	2	-	-	N.A
Mr. Prakash G. Mandhana	Whole – Time Director	Promoter, Executive	3	-	-	N.A
Mr. V. Balaji Bhat	Independent Director	Non-Executive; Independent	6	3	1	5000

# Memberships of only Audit Committee, Shareholders' Grievance Committee and Remuneration Committee have been considered.

As required by the Listing Agreement members of the Board do not have Directorships in more than 15 Companies or a Member of more than 10 Board-level Committees or chairman of more than 5 such Committees.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non compliance, if any.

### III. Reappointment of Directors

Mr. Prakash G Mandhana and Mr. Balaji Bhat retire by rotation, and being eligible, offer themselves for reappointment. The brief profile of these directors is as detailed below:

Name of the Director	Mr. Prakash G Mandhana	Mr. Gerhard Bornemann
Date of Birth	21.11.1965	25.09.1939
Date of Appointment	01.04.2006	11.04.2006
Expertise in specific functional areas	Operation & Marketing of Apparel Business	Advisory Functions, International Trade and Marketing
Qualification	B.Tech	Academy of commerce, Wuppertal Germany
Directorship held in other companies	03	Nil
Names of the Companies in which Directorship held	1.Andrew Finvest Private Limited 2. Siddmeshwar Investment I Private Limited 3. Indus Garments (India) Private Limited	
Committee positions held in other companies	Nil	

### IV. Board Meetings and Annual General Meetings

The Board of Directors met 4 (four) times during the year on 10.08.2012, 13.11.2012, 14.02.2013 and 29.05.2013

#### Attendance at the Board meeting and last Annual General Meeting

Name of the director	No. of Board Meetings Attended	Attendance at the last AGM
Mr. Nitin Mandhana	04	Yes
Mr. Shashikant Mandhana	04	No
Mr. V. Balaji Bhat	04	Yes
Mr. Prakash Mandhana	04	No
Mr. Gerhard Bornemann	04	No

### V. Code of Conduct

The Company has adopted a code of conduct for Executive and Non Executive Directors, Senior Management Personnel and other executives of the Company. The Company has received confirmations from the Executive and Non Executive Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The Code of Conduct is posted on the website of the Company.

### 3. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

**Terms of reference:**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Reviewing ,with management , the quarterly ,half yearly and annual financial statements
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Reviewing the Company's financial and risk management policies.
- Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

## **Composition, Meeting and Attendance:**

As on June 30, 2013, the Audit Committee comprised of two Independent Directors and one Executive Director. The composition of the Audit Committee and the details of the meetings attended by members of the Audit Committee are given below:

Name of Member	Designation	Category	No. of meetings attended
Mr. V. Balaji Bhat	Chairman	Independent, Non-executive Director	4
Mr. Gerhard Bornemann	Member	Independent, Non-executive Director	4
Mr. Nitin Mandhana	Member	Vice Chairman & Managing Director	4

Four (4) Audit Committee Meetings were held during the Financial Year ended June 30, 2013. The dates on which the Audit Committee meetings were held are as follows: 10.08.2012, 13.11.2012, 14.02.2013 and 29.05.2013. Necessary quorum was present at the above meetings.

The Audit Committee Meetings are usually held at the Corporate Office of the Company and are attended by the Managing Director, Finance Head and representatives of Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

## **4. Remuneration Committee**

### **Terms of reference**

The Company has constituted a remuneration committee of Directors. The broad terms of reference of the Committee are to appraise the performance of Managing / Executive Directors and determine and recommend to the Board, compensation payable to them.

### **Composition, Meetings and Attendance**

As on June 30, 2013, the remuneration committee comprised of 3 (three) members. The Chairman of the remuneration committee is an independent director and the members of the remuneration committee include both executive and non-executive directors.

There were no Remuneration Committee Meetings held during the financial year 2012-13.

The composition of remuneration committee as of June 30, 2013 is given below:

Name of the member	Designation	Category
Mr. V. Balaji Bhat	Chairman	Independent, Non-executive Director
Mr. Gerhard Bornemann	Member	Independent, Non-executive Director
Mr. Nitin Mandhana	Member	Vice Chairman & Managing Director

## Details of remuneration paid to directors during the financial year 2012-13

No Remuneration was paid to any of the executive directors of the Company for the year ended June 31, 2013.

## Remuneration policy

Remuneration to executive directors is based on the years of experience and contribution made by the respective executive directors to the company and in line with the existing industry practice. However no remuneration has been paid to any of the Executive Directors during the Financial Year ended June 30, 2013. Further, sitting fee is not paid to any of the directors of the company.

## 5. Shareholder's Grievances Committee

### Terms of reference

- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non-receipt of annual report etc.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

### Composition, Meetings and Attendance

The composition of Shareholder's Grievances committee as on June 30, 2013 and the attendance of the members in the meeting held during the financial year 2012-13 are as follows:

Name of the member	Designation	Category	No. of Meetings Attended
Mr. V. Balaji Bhat	Chairman	Independent, Non-executive Director	N.A
Mr. Nitin Mandhana	Member	Vice Chairman & Managing Director	N.A
Mr. Hansraj Rathor	Member	Company Secretary & Compliance Officer	N.A

### Status of investors' complaints

The status of investor's complaints as on June 30, 2013 is as follows:

Number of Complaints received during the year	Nil
Number of complaints resolved during the year	Nil
Number of Complaints pending as of June 30,2013	Nil

There were no outstanding complaints as on June 30, 2013.



## 6. General Meetings

### A) Annual General Meeting:

The details of last three Annual General Meetings of the Company are as follows:

Financial Year	Date	Time	Venue
2009-10	28.09.2010	9.00 A.M	Registered Office
2010-11	23.09.2011	9.00 A.M	R.V Function Hall, DRV Plaza, BB Road Devanahalli, Bangalore Rural District - 562110
2011-12	20.09.2012	9.00 A.M	Registered Office

### B) Postal Ballot:

There were no resolutions passed through Postal Ballot for the financial year 2012-13.

### C) Special Resolution:

A Special resolution to ratify fairness opinion for merger of Tulip Apparel Pvt Ltd was passed in the Annual General Meeting held on 20<sup>th</sup> September 2012.

## 7. Disclosures

### a) Materially significant related party transactions

There were no material significant related party transactions during the financial year 2012-13 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard – are included in the notes to the accounts.

### b) Subsidiary Companies:

The revised Clause 49 defines a “material non-listed Indian subsidiary” as an unlisted subsidiary, incorporated in India, whose turnover or net worth ( i.e. paid up capital and free reserves ) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year. As per this definition, Indus Garments (India) Private limited is not a material non listed Indian subsidiary.

### c) Details of non-compliance with regard to capital market

The Company has complied with all the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI).

The Company has complied with Clause 38 of the listing agreement with respect to payment of listing fees to the Exchanges and Annual Custodial fees to the Depositories for the year 2012-13. There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital Markets, during last three years.

### d) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards referred to in Section 211(3) (c) of the Companies Act, 1956. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to the Financial Statements.

### e) Board Disclosures – Risk Management

The Company has a well documented risk management policy which acts as an effective tool in minimizing various risks to which our businesses are exposed to during the course of their day to day operations as well as their strategic actions. Various risks are identified, comprising mainly of price volatility of key inputs, foreign exchange risks, environmental, health and safety risks, breakdown of information system, regulatory and legal risks, etc.



All the risks associated with the business are identified and allocated to respective designated owners to manage/control the risks and keep risks exposures within acceptable limit.

**f) Details of Investments of the Company's Fund :**

Short Term Investment:

	Rs. in Lakhs
In Units of Mutual Funds under Portfolio Management Scheme	NIL
In Commodities & Hedge Instruments thereof	NIL
In Short Term Deposit Instruments of Companies / Bank	NIL
<b>TOTAL</b>	<b>NIL</b>

**g) Certification from CEO**

The requisite certification from the Managing Director required to be given under Clause 49 (V) has been placed before the Board of Directors of the Company.

**h) Details of Compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the listing agreement**

- The company has complied with all the mandatory requirements as mandated under Clause 49 of listing agreement.
- The Company has complied with the non-mandatory requirements relating to remuneration committee.
- The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of Corporate Governance.
- Details of Shares held by Non-Executive Directors as on 30.06.2012 :

Name of the Non-Executive Director	No. of Shares held
Mr. Gerhard Bornemann	Nil
Mr. V. Balaji Bhat	5000

**8. Means of Communication**

The quarterly / half yearly /annual results and notices as required under Clause 41 of the listing agreement are published in regional as well as national newspapers.

Authorized persons of Indus Fila also respond to queries telephonically and by letters.

**9. General Shareholder Information**

**a) Annual General Meeting**

Date : 18<sup>th</sup> December, 2013  
Time : 9 A.M  
Venue : Registered Office of the Company

**b) Financial Year**

The Financial Year commences from 1<sup>st</sup> April, 2012 till 30<sup>th</sup> June, 2013

**c) Book Closure**

The dates of the book closure are 17<sup>th</sup> December, 2013 to 18<sup>th</sup> December, 2013 (all days inclusive)

# IndusFila

## d) Dividend Payment

In order to conserve funds and to bridge working capital requirements, the Board has not declared dividend for the financial year 2012-13.

## e) Listing

The equity shares of the Company are listed on the following stock exchanges in India since 08.03.2007:

- National Stock Exchange of India Limited (NSE)  
“Exchange Plaza” Bandra – Kurla Complex, Bandra (East),  
Mumbai – 400 051
- Bombay Stock Exchange Limited (BSE)  
P.J. Towers. Dalal Street, Mumbai – 400 001.

## f) Stock Codes

### Indus Fila's Stock Exchange Codes

Name of the Stock Exchange	Stock Code
The National Stock Exchange of India Limited (NSE)	INDUSFILA
The Bombay Stock Exchange Limited (BSE)	532821

The ISIN code of the Company for equity shares held in demat form is INE025I01012.

## g) Market Price Data (BSE)

High, Low (based on closing prices) during each month during the year 2012 -2013 on the Bombay Stock Exchange Limited:

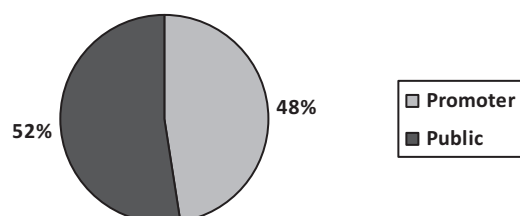
Month	Indus Fila		BSE Sensex	
	High	Low	High	Low
Apr-13	16.70	13.21	17,664.10	17,010.16
May-13	14.00	10.00	17,432.33	15,809.71
Jun-13	15.60	11.30	17,448.48	15,748.98
Jul-13	15.15	11.90	17,631.19	16,598.48
Aug-13	16.00	10.95	17,972.54	17,026.97
Sep-13	14.90	10.90	18,869.94	17,250.80
Oct-13	14.75	11.50	19,137.29	18,393.42
Nov-13	12.90	10.55	19,372.70	18,255.69
Dec-13	14.50	11.01	19,612.18	19,149.03
Jan-13	13.74	11.00	20,203.66	19,508.93
Feb-13	11.85	8.21	19,966.69	18,793.97
Mar-13	9.84	7.00	19,754.66	18,568.43
Apr-13	9.00	6.27	19,622.68	18,144.22
May-13	9.12	5.35	20,443.62	19,451.26
Jun-13	7.75	6.47	19,860.19	18,467.16

## h) Distribution of Shareholding

1. The distribution of shareholding of the Company as on June 30, 2013 is as follows:

SI No.	Shares Range		Shares	% To Capital	No. of Holders	% to Total Holders
	From	To				
1	1	500	429956	2.0726	3364	81.0568
2	501	1000	266523	1.2848	433	8.1256
3	1001	2000	262024	1.2631	166	4.1376
4	2001	3000	183116	0.8827	70	1.7448
5	3001	4000	99817	0.4812	28	0.6979
6	4001	5000	128734	0.6206	27	0.6730
7	5001	10000	368706	1.7773	49	1.2213
8	10001	*****	19005841	91.6177	94	2.3430
<b>TOTAL</b>			<b>20744717</b>	<b>100.0000</b>	<b>4231</b>	<b>100.0000</b>

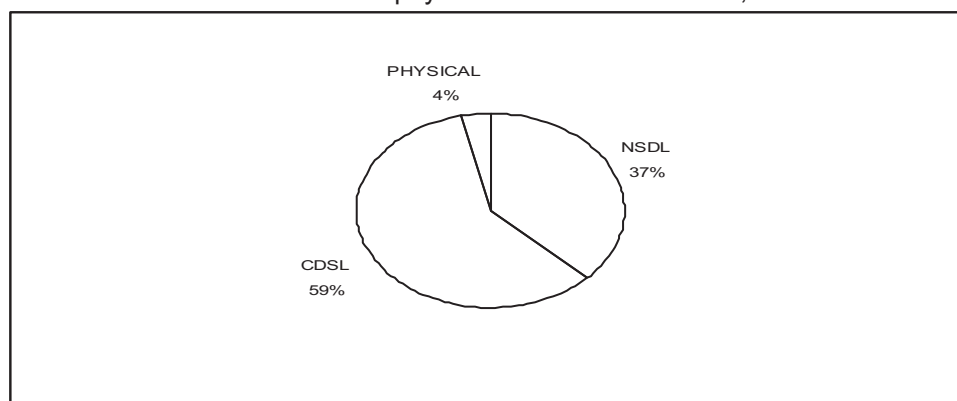
2. Shareholding pattern as on June 30, 2013



## i) Dematerialization of Shares

The equity shares of the company are compulsorily traded in dematerialized form and are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allotted to the Company under Depository System is INE025I01012.

Number of shares held in dematerialized and physical mode as on June 30, 2013 is as below :



## j) Registrar and Share Transfer Agents :

Link Intime India Pvt Ltd  
C-13, Pannalal Silk Mills Compound,

## k) Share Transfer System

The Registrar and Share Transfer Agents, M/s. Link Intime India Pvt Ltd are authorized by the Board for processing of share transfers.

Share transfer requests are processed and dispatched to the shareholders generally within 30 days from the date of receipt. All valid requests for dematerialization of shares are processed and confirmations are given to the depositories within the stipulated time.

Pursuant to Clause 47( c ) of the Listing Agreement with the Stock Exchanges, on half yearly basis, certificates have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the Company. Also, pursuant to SEBI (Depositories and Participants) Regulations, 1996, Secretarial Audit is done on a quarterly basis for reconciliation of the share capital of the Company.

## l) Outstanding GDR'S /ADR'S etc.

No GDRs / ADRs/ Warrants or Convertible Instruments are outstanding as of the date of this report.

## m) Plant Locations

Survey No. 284 & 285 37 <sup>th</sup> KM Stone, Kasaba Hobli, Nelamangala, Bangalore Rural District – 562 123.	No. 243/1, to 358/3, Thoramavu & Immavu Village, Thandya Industrial Area, Kemp Siddana Hundi, Nanjangud, Dist Mysore – 571 302.
No. 21-D-2, II Phase, Peenya Industrial Area, Bangalore – 560 058.	

## n) Address for Correspondence

REGD. OFFICE	Survey No. 285, 37 <sup>th</sup> KM Stone, Kasaba Hobli, Nelamangala, Bangalore Rural district – 562 123. Ph : 8118 7733501 – 506 Fax : 8118 7733516
CORPORATE OFFICE	No. 107, Industrial Suburb, II Stage, Yeshwanthpur, Bangalore – 560 022. Ph : 080 – 41369700 – 701 Fax : 080 - 41369800

Place : Bangalore

Date : July 26, 2013.

For and on behalf of the Board of Directors

**Nitin N. Mandhana**  
Vice Chairman & Managing Director

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification Number : L17121KA1999PLC025320

Nominal Share Capital : Rs. 40,00,00,000/-

Paid-up Share Capital : Rs. 20,74,47,170/-

To,

The Shareholders of Indus Fila Limited

We have examined all relevant records of Indus Fila Limited (the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange and National Stock Exchange for the financial year ended 30<sup>th</sup> June, 2013. We have obtained all information and explanations which to best of our knowledge and belief are necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the Clause 49 of the Listing Agreement.

For Punit Handa & Associates  
Company Secretaries

CS Punit Handa  
Proprietor  
FCS: 5084; CP:7143

Date: July 26, 2013

Place: Bangalore

## Certificate from Chief Executive Officer

I, Nitin N. Mandhana, Vice Chairman & Managing Director to the best of my knowledge and belief, certify that:

- (a) I have reviewed the financial statements and the cash flow statement for the year ended 30<sup>th</sup> June 2013, and that to the best of my knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or volatile of the Company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Nitin N. Mandhana**  
**Vice Chairman & Managing Director**

Place: Bangalore  
Date: July 26<sup>th</sup>, 2013

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF M/s INDUS FILA LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/S INDUS FILA LIMITED, which comprise the Balance Sheet as at 30th June, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> June, 2013;
- (b) in the case of the Statement of Profit & Loss, of the LOSS for the period ended on that date; and
- (c) in the case of the Cash Flows Statement, of the cash flows for the period ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
  - e. on the basis of written representations received from the Directors, as on 30<sup>th</sup> June, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30<sup>th</sup> June, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Suri & Co.  
Chartered Accountants  
FRN 004283S

Place : Bangalore  
Date : 26<sup>th</sup> July , 2013

G Rangarajan  
Partner  
M.No.024107



**SURI & CO.,****CHARTERED ACCOUNTANTS****ANNEXURE TO AUDITORS' REPORT**

(Referred to in our report of even date on the Accounts of **INDUS FILA LIMITED** for the period ended 30th June 2013)

- 1)
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The company's programme of physical verification of fixed assets, in our opinion, is reasonable considering the size and nature of assets and business. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of fixed assets of the company.
- 2)
  - a) The inventories has been physically verified by the management under supervision by independent chartered accountants at the end of the period.
  - b) According to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
  - c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and are being adjusted in the books of account.
- 3)
  - a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, clause (iii)(b), (iii)(c), and (iii)(d) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
  - b) The company has taken interest-free unsecured loans from eight parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.568.54 lakhs and the period end balance of the loans taken from such parties was Rs.568.54 lakhs.
  - c) Being Interest free, the loans are not prima-facie prejudicial to the interest of the company.
  - d) The terms of the arrangement do not stipulate any repayment schedule. Accordingly, paragraph 4(iii)(g) of the Order is not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the company and nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services, subject to continuing weakness relating to internal audit system as stated in Para 7 below.

- 5) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) According to the information and explanations given to us and having regard to the explanations that some the items purchased, sold are services availed are of a special nature for which comparable alternative price are not available, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 during the period have been made at prices which are considered reasonable.
- 6) The Company had not taken any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under.
- 7) The system of ***internal audit of the company needs to be strengthened and commensurate to the size and nature of its business.***
- 8) On the basis of the prima facie examination of the records of the company, we are of the opinion that the company has made and maintained cost records as required under section 209(1)(d) of the Companies Act, 1956. However we have not made a detailed examination of the records in this regard.
- 9) a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues where ever applicable, though there are delays in depositing provident fund and ESI. In respect of Income tax there were delays in depositing the undisputed dues with appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty and Cess were in arrears, as at 30th June 2013 for a period of more than six months from the dates they became payable except for the following.

<b>Nature of Dues</b>	<b>Amount outstanding</b>	<b>Period of Outstanding</b>
<b><i>Fringe Benefit Tax</i></b>	<b><i>Rs.23,90,590/-</i></b>	<b><i>A.Y 2009-10</i></b>
<b><i>Dividend Distribution Tax</i></b>	<b><i>Rs 16,46,404/-</i></b>	<b><i>A.Y 2008-09</i></b>
<b><i>Tax Deducted at source</i></b>	<b><i>Rs.52,11,725/-</i></b>	<b><i>AY 2011-12</i></b>
<b><i>Tax Deducted at source</i></b>	<b><i>Rs.1,20,33,767/-</i></b>	<b><i>AY 2012-13</i></b>
<b><i>Tax Deducted at source</i></b>	<b><i>Rs.54,71,641/-</i></b>	<b><i>AY 2013-14</i></b>
<b><i>Provident Fund</i></b>	<b><i>Rs.2,36,647/-</i></b>	<b><i>FY 2010-11</i></b>
<b><i>Provident Fund</i></b>	<b><i>Rs.32,95,583/-</i></b>	<b><i>FY 2011-12</i></b>
<b><i>Provident Fund</i></b>	<b><i>Rs.1,49,70,711/-</i></b>	<b><i>FY 2012-13</i></b>

<b>Employee Insurance</b>	<b>State</b>	<b>Rs.78,35,475/-</b>	<b>FY 2011-12</b>
<b>Employee Insurance</b>	<b>State</b>	<b>Rs.95,21,020/-</b>	<b>FY 2012-13</b>

c) According to the information and explanations given to us, there are no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty and Cess of the company that have not been deposited except the following

<b>Name of the statute</b>	<b>Nature of Dues</b>	<b>Amount of disputed tax due</b>	<b>Period to which the amount related</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax	Rs. 1177.61 Lakhs	A.Y 2008-09	Hon'ble High Court of Karnataka
Income Tax Act, 1961	Income Tax	Rs.1.95 Lakhs	A.Y 2006-07	Commissioner of Income Tax (Appeals)

- 10) The accumulated losses of the company as on 30th June 2013 exceeds more than 50% of the networth of the company. The Company has incurred cash losses during the financial period covered by our audit and not in the immediately preceding financial year.
- 11) ***In our opinion, the company has defaulted in the repayment of dues to financial institutions or banks amounting to Rs.52.50 crores from the year 2010-11***
- 12) According to the information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and investments.
- 13) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual fund / society. Therefore, provisions of clause (xiii) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, provisions of clause (xiv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15) The Company has given guarantees for loans from banks taken by subsidiary company/firms, who are engaged for job works and the terms and conditions of such guarantees in our opinion are not prejudicial to the interest of the company.
- 16) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has not

# Indus Fila

applied short term funds for long term purposes.

- 18) In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the period.
- 19) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- 20) During the period covered under audit, the company has not raised any monies by public issues.
- 21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Date: 26<sup>th</sup> July 2013

Place: Bangalore

**INDEPENDENT AUDITOR'S REPORT****TO THE BOARD OF DIRECTORS OF M/S.INDUS FILA LIMITED**

We have audited the accompanying consolidated financial statements of M/S INDUS FILA LIMITED and its subsidiaries, which comprise the consolidated Balance Sheet as at 30th June, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements and other financial information of the subsidiary M/s Indus Garments Private Limited, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based on the report of other

auditors. The attached consolidated financial statements include assets of Rs.71.52 crores as at 30th June 2013, and revenues of Rs.38.32 crores in respect of the aforementioned subsidiary for the period then ended.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> June, 2013;
- (b) in the case of the Statement of Profit & Loss, of the LOSS for the period ended on that date; and
- (c) in the case of the Cash Flows Statement, of the cash flows for the period ended on that date.

For Suri & Co.  
Chartered Accountants  
FRN 004283S

G Rangarajan  
Partner  
M.No.024107

Place : Bangalore  
Date : 26<sup>th</sup> July, 2013

**INDUS FILA LIMITED**  
**BALANCE SHEET AS ON 30th June 2013**

	Note No	As on 30th June 2013	As on 31st March 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	20 35 62 170	20 35 62 170
(b) Reserves and Surplus	3	(56 77 88 700)	78 06 69 895
<b>(2) Non-Current Liabilities</b>			
(a) Long Term borrowings	4	79 78 83 326	95 20 89 643
(b) Deferred Tax Liabilities (Net)	5	7 71 41 349	2 73 34 300
(c) Long-Term Provisions	6	84 50 817	1 25 59 567
<b>(3) Current Liabilities</b>			
(a) Short- Term Borrowings	7	189 65 54 996	163 13 62 770
(b) Trade payables	8	43 80 22 771	40 40 70 386
(c ) Other Current Liabilities	9	105 04 35 567	49 44 85 121
(d) Short-Term Provisions	10	9 03 96 491	8 68 19 072
		<b>399 46 58 787</b>	<b>459 29 52 923</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	121 70 45 861	131 73 99 417
(ii) Capital Work-in-progress		6 62 01 040	7 69 99 010
(b) Non-Current investments	12	9 89 30 610	9 89 30 610
(c) Deferred Tax Asset		NIL	NIL
(d) Long term Loans and advances	13	4 07 96 757	3 89 71 830
<b>(2) Current Assets</b>			
(a) Inventories	14	19 46 51 301	85 25 27 279
(b) Trade Receivables	15	214 33 23 548	197 68 63 305
(c) Cash and bank balances	16	80 62 224	5 32 41 412
(d) Short-Term Loans and advances	17	17 66 00 621	8 71 03 325
(e) Other Current assets	18	4 90 46 825	9 09 16 735
		<b>399 46 58 787</b>	<b>459 29 52 923</b>

See accompanying notes to financial statements

Place: BANGALORE  
Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:004283S

(Balaji Bhat)  
Director

G Rangarajan  
Partner  
M.No.024107

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary

INDUS FILA LIMITED  
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30th June 2013

	Particulars	Note No	For the period ended 30th June 2013	For the period ended 31st March 2012
	<b>REVENUE</b>			
I.	<b>Revenue from Operations</b>			
	Sales of products (Refer Note no. 27(j))		328 19 86 140	425 21 28 795
	Sales of Services		16 61 28 147	27 84 97 289
	Other Operating Revenue ( Refer Note no.27(k))		3 28 35 999	10 80 05 440
			348 09 50 286	463 86 31 524
II.	<b>Other Income</b>	19	1 42 27 002	2 22 41 528
III.	<b>Total Revenue (I+II)</b>		<b>349 51 77 288</b>	<b>466 08 73 052</b>
	<b>EXPENSES</b>			
	Cost of materials consumed	20	297 00 99 666	314 17 53 796
	Other Manufacturing Expenses	21	14 88 41 467	55 06 55 794
	Changes in inventories of finished goods and work in progress	22	34 50 98 467	(7 70 35 527)
	Employee benefits expense	23	37 38 05 629	38 59 16 403
	Finance Costs	24	49 57 40 448	33 91 87 180
	Depreciation expense	11	11 26 83 704	9 71 45 474
	Other expense	25	34 75 59 453	13 62 04 286
IV.	<b>Total Expenses</b>		<b>479 38 28 834</b>	<b>457 38 27 406</b>
V.	<b>Profit/(Loss) before Exceptional &amp; Extraordinary Items &amp; Tax (III-IV)</b>		(129 86 51 546)	8 70 45 646
VI.	<b>Exceptional items</b>		NIL	NIL
VII.	<b>Profit/(Loss) before Extraordinary Items &amp; Tax (PBT) (V-VI)</b>		(129 86 51 546)	8 70 45 646
VIII.	<b>Extraordinary Items</b>		NIL	NIL
IX.	<b>Profit/(Loss) before Tax (PBT) (VII-VIII)</b>		(129 86 51 546)	8 70 45 646
X.	<b>Tax Expense of continuing operations:</b>			
	Current Tax		NIL	60 00 000
	Earlier year taxes(net)		NIL	( 25 53 338)
	Deferred Tax		4 98 07 049	2 66 50 000
	Mat Credit Entitlement		NIL	( 60 00 000)
			<b>4 98 07 049</b>	<b>2 40 96 662</b>
XI.	<b>Profit/(loss) for the period from continuing operations (IX-X)</b>		(134 84 58 595)	6 29 48 984
XII.	<b>Profit/(loss) for the period [Profit After Tax (PAT)]</b>		<b>(134 84 58 595)</b>	<b>6 29 48 984</b>
	<b>Add: Balance Brought Forward from earlier year</b>		<b>(12 37 35 505)</b>	<b>(18 66 84 489)</b>
	<b>Balance Carried to Balance Sheet</b>		<b>(147 21 94 100)</b>	<b>(12 37 35 505)</b>
XIII.	<b>Earnings per equity share</b>			
	<b>Basic &amp; Diluted</b>		-65.00	3.14
	<b>Weighted Average No. Of Shares Used In Computing Earnings Per Share</b>		<b>2 07 44 717</b>	<b>2 00 66 082</b>

See accompanying notes to financial statements

Place: BANGALORE  
Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

(Balaji Bhat)  
Director

G Rangarajan  
Partner  
M.No.024107

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary



## NOTES TO FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL PERIOD ENDED 30.06.2013

### Notes to Accounts

#### Note no-1

#### **A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The company follows Accrual System of Accounting on a going concern concept on historical cost convention method as per applicable mandatory accounting standards.

##### **1. USE OF ESTIMATES**

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. Actual results could differ from those estimates.

##### **2. FIXED ASSETS AND DEPRECIATION**

- a. Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing asset to its working condition for its intended use (including therein proportionate expenditure during construction period).
- b. Depreciation is provided on Straight Line basis as per Schedule XIV to the Companies Act, 1956 at the rates specified therein and in respect of buildings on lease hold land, cost is amortized as depreciation over the period of lease.

##### **3. INVENTORIES**

Inventories are valued at lower of cost or net realizable value. Cost includes all cost of purchase, applicable duties and taxes, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and in the case Finished Goods and Work-in-progress includes appropriate allocated/apportioned production overheads.

##### **4. FOREIGN CURRENCY TRANSACTION**

Monetary assets and liabilities are restated at the date of Balance Sheet. The resultant difference is charged / credited to Profit and Loss Account except in respect of liabilities related to fixed assets which is adjusted to the fixed assets. In respect of Foreign Currency Forward / Derivative contracts entered for hedge the outstanding contracts are evaluated with the foreseeable future transaction and in event of the material shortfall in the estimate of future transaction corresponding forward adjustment is made for the forward / derivative contracts, at the Balance Sheet date. However exchange Loss / Gain on the date of maturity of forward / derivative are adjusted in the profit and loss account of the period.

##### **5. REVENUE RECOGNITION**

- a. Revenue in respect of sales is recognized on transfer of significant risks and rewards of ownership which is generally at the point of dispatch of materials to customers.
- b. Other revenues including drawback claims etc., are recognized with due consideration for significant uncertainty if any in realization of such dues.

## 6. RETIREMENT BENEFITS

### a. Defined Contribution Plan :-

In respect of provident fund benefits the company makes the stipulated contribution in respect of the employees to the regional provident fund authority under which the company's liability is limited to the extent of the contribution.

### b. Defined Benefit Plan :-

The liability for defined benefit plan of the gratuity is determined on the basis of actuarial valuation at the end of the period using projected unit credit method. However, the liability has not been funded. Actuarial gain & loss which comprises experience adjustments & effect of change in actuarial assumption are recognized in the Profit & Loss Account.

## 7. INVESTMENTS

Long term investments are stated at cost (net of provisions), if any, for diminution in value which is not temporary. Current investments are stated at lower of cost or fair value determined with reference to its market value realisability in consonance with the nature of underlying asset.

## 8. BORROWING COSTS

Interest and other borrowing costs are charged to the profit and loss account except in cases where the borrowing is directly attributable to the acquisition, construction or production of an asset or group of assets, which take(s) substantial period of time to get ready for intended use. All other interest and other borrowing costs are recognised as expenses in the period in which they are incurred.

## 9. TAXES ON INCOME

Income taxes are accounted in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Tax expense comprises of both current and deferred tax.

### Current Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws.

### Deferred Tax

Deferred Tax Assets and Liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using the tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for their appropriateness of their respective carrying value at each balance sheet date.

## 10. IMPAIRMENT OF ASSET

The Company assesses the impairment of assets with reference to each Cash Generating Unit (CGU) at each Balance Sheet date if events or changes in circumstances, based on internal and external factors, indicate that the carrying value may not be recoverable in full. The loss on account of impairment, which is the difference between the carrying amount and recoverable amount, is accounted accordingly. Recoverable amount of a CGU is its net Selling price or value in use whichever is higher. The value in use is arrived at on the basis of estimated future cash flows discounted at company's pre-tax borrowing rates.

## 11. PROVISIONS & CONTINGENCIES:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions are not discounted to present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet

## INDUS FILA LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

#### 2. (A) Authorised, Issued, Subscribed, Paid-up share capital and par value per share

Particulars	As on 30th June 2013	As on 31st March 2012
<b>Authorised Share Capital</b>		
4,00,00,000 Equity Shares of ₹.10/- each (Previous year 4,00,00,000 equity shares of ₹.10/- each)	40 00 00 000	40 00 00 000
<b>Issued &amp; Subscribed Share Capital</b>		
2,07,44,717 equity shares of ₹10/- each (each)	20 74 47 170	20 74 47 170
<b>Paid-up Share Capital</b>		
2,07,44,717 equity shares of ₹10/- each (each)	20 74 47 170	20 74 47 170
less: Amount recoverable from ESOP Trust	( 38 85 000)	( 38 85 000)
<b>Total</b>	<b>20 35 62 170</b>	<b>20 35 62 170</b>

#### (B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the period

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
<b>Number of shares outstanding as the beginning of the period</b>	2 07 44 717	1 93 87 447
<b>Add:</b>		
Number of shares allotted during the period as fully paid-up pursuant to a contract without payment being received in cash	NIL	13 57 270
<b>Number of shares outstanding as at the end of the period</b>	<b>2 07 44 717</b>	<b>2 07 44 717</b>

#### (C) Shares in the company held by each shareholder holding more than 5% shares

Sl.no	Name of the shareholder	Number of shares held in the company	Percentage of shares held
1	Kamal Kishore Finvest Private Limited	60 13 657	28.99%
2	Andrew Finvest Pvt Ltd	22 16 610	10.69%
3	Religare Finvest Ltd	17 48 089	8.43%
	<b>Total</b>	<b>99 78 356</b>	<b>48.10%</b>

years from 1.4.08 to 30.6.13)

Particulars	Amount
<b>received in cash</b>	
to scheme of Amalgamation with Tulip Apparel Private Limited	1 22 910
Preferential allotment for Conversion of Unsecured Loan into Equity Shares	1 35 72 700

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

### 3. Reserves and Surplus

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) Securities Premium Reserve</b>		
Opening Balance	89 95 29 810	89 95 29 810
Add: Transfer during the period	NIL	NIL
Closing Balance	<b>89 95 29 810</b>	<b>89 95 29 810</b>
<b>(B) Amalgamation Reserve</b>		
Opening Balance	48 75 590	48 75 590
Add: Transfer during the period	NIL	NIL
Closing Balance	<b>48 75 590</b>	<b>48 75 590</b>
<b>(C) Surplus (Profit and Loss Account)</b>		
Opening Balance	(12 37 35 505)	(18 66 84 489)
Add: Transfer during the period	(134 84 58 595)	6 29 48 984
Closing Balance	<b>(147 21 94 100)</b>	<b>(12 37 35 505)</b>
Less: Appropriations		
--- Proposed Dividend	NIL	NIL
--- Dividend Distribution Tax	NIL	NIL
--- Transfer to General Reserve	NIL	NIL
	<b>(147 21 94 100)</b>	<b>(12 37 35 505)</b>
<b>Total</b>	<b>(56 77 88 700)</b>	<b>78 06 69 895</b>

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

## 4. LONG TERM BORROWINGS

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) TERM LOANS FROM BANKS</b>		
Secured		
- Term Loans From Banks	79 24 97 353	94 81 86 181
<b>(B) LOANS AND ADVANCES FROM RELATED PARTIES</b>		
Unsecured		
From Directors And Associates	53 85 973	39 03 462
<b>Total</b>	<b>79 78 83 326</b>	<b>95 20 89 643</b>

### Nature of Security

The above Term loan from Banks are secured by

- First pari-passu charge on all the fixed assets, present and future of the company.
- Pari-passu second charge on all the current assets, present and future of the company.

### Terms of Repayment of above Term loan from banks

a) Out of the total term loans, Rs 12.67 crores (as on 31.03.2012 Rs.15.38 crores) is repayable in 28 Quarterly installments commencing from June 2012. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as period ended (previous year 12 % p.a.)

b) Out of the total term loans, Rs 40.55 crores (as on 31.03.2012 Rs.48.12 crores) is repayable in 36 Quarterly installments commencing from June 2010. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as period ended (previous year 12 % p.a.)

c) Out of the total term loans, Rs 20.71 crores (as on 31.03.2012 Rs.24.89 crores) is repayable in 32 Quarterly installments commencing from June 2011. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as period ended (previous year 12 % p.a.)

d) Out of the total term loans, Rs 5.32 crores (as on 31.03.2012 Rs.6.43 crores) is repayable in 40 Quarterly installments commencing from June 2009. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as period ended (previous year 12 % p.a.)

e) Continuing default- Rs 276222991 from the year 2010-11.

## 5. DEFERRED TAX LIABILITIES (NET)

Particulars	As on 30th June 2013	As on 31st March 2012
Deferred Tax liabilities	16 14 41 349	19 56 34 300
Deferred Tax Assets	8 43 00 000	16 83 00 000
<b>Deferred Tax Liabilities (Net)</b>	<b>7 71 41 349</b>	<b>2 73 34 300</b>
<b>Movement of deferred tax</b>		
Particulars	As on 30th June 2013	As on 31st March 2012
Deferred Tax Liability on account of:		
Depreciation & Others	16 14 41 349	19 56 34 300
<b>Total</b>	<b>16 14 41 349</b>	<b>19 56 34 300</b>
Deferred Tax Assets:		
Unabsorbed Business Loss/ Depreciation	2 66 00 000	8 28 00 000
Other tax disallowances	5 77 00 000	8 55 00 000
<b>Total</b>	<b>8 43 00 000</b>	<b>16 83 00 000</b>
<b>Deferred Tax Liability/ (Asset) (Net)</b>	<b>7 71 41 349</b>	<b>2 73 34 300</b>

## 6. LONG-TERM PROVISIONS

Particulars	As on 30th June 2013	As on 31st March 2012
<b>Employee Benefits</b>		
Provision For Gratuity	84 50 817	1 25 59 567
<b>Total</b>	<b>84 50 817</b>	<b>1 25 59 567</b>

## 7. SHORT-TERM BORROWINGS

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) LOANS REPAYABLE ON DEMAND</b>		
Secured		
...> From Banks		
Working Capital Loans repayable on demand (secured against hypothecation of all current assets present and future)	173 18 70 246	156 31 90 381
<b>(B) LOANS AND ADVANCES FROM RELATED PARTIES</b>		
Unsecured		
From Directors & Relatives of Directors	5 50 49 504	5 46 89 173
<b>(C) OTHERS</b>		
Unsecured		
Inter Corporate Deposit & Others	10 96 35 246	1 34 83 216
<b>Total</b>	<b>189 65 54 996</b>	<b>163 13 62 770</b>

## 8. CURRENT LIABILITIES

Particulars	As on 30th June 2013	As on 31st March 2012
<b>Trade Payables -</b>		
---- Raw Materials	12 43 69 782	10 84 79 199
---- Consumables	5 92 76 038	9 22 07 032
---- Expenses & Others	20 76 73 818	15 69 06 054
<b>Others-</b>		
---- Capital goods	4 67 03 133	4 64 78 100
Payable to Micro, Small and Medium Enterprises ( Refer Note no. 26(e) notes to accounts)	NIL	NIL
<b>Total</b>	<b>43 80 22 771</b>	<b>40 40 70 386</b>

## 9. OTHER CURRENT LIABILITIES

Particulars	As on 30th June 2013	As on 31st March 2012
Current maturities of long term debt	39 27 83 835	26 09 73 148
Current maturities of finance lease obligations	NIL	NIL
Interest accrued and due on borrowings (Continuing default- Rs 24,87,87,984/- from the year 2010-11)	43 53 15 169	19 67 48 526
Unpaid/unclaimed dividends	24 339	22 994
Advance from Customers	76 03 050	60 81 033
Other Liabilities		
- PF,ESI & Professional Tax Payable	5 37 96 423	1 19 16 516
- TDS Payable	2 59 81 224	1 82 49 492
- Service Tax Payable	14 22 021	4 93 412
Credit balance in Bank accounts	13 35 09 506	NIL
<b>Total</b>	<b>105 04 35 567</b>	<b>49 44 85 121</b>

## 10. SHORT-TERM PROVISIONS

Particulars	As on 30th June 2013	As on 31st March 2012
Provision For Bonus	2 11 18 705	1 73 08 049
Provision For Gratuity	9 75 416	12 08 653
Provision for dividends (including dividend distribution tax)	16 46 404	16 46 404
Provision for Income Tax	6 42 65 376	6 42 65 376
Provision For Fringe Benefit Tax	23 90 590	23 90 590
<b>Total</b>	<b>9 03 96 491</b>	<b>8 68 19 072</b>

## 12. NON-CURRENT INVESTMENTS

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) Trade Investments</b>		
<b>Unquoted</b>		
(i) Investments in Equity Instruments* (1,97,999 shares of Face Value of Rs.100/- each, fully paid up at cost)	9 89 20 410	9 89 20 410
<b>(B) Non-trade Investments</b>		
<b>Unquoted</b>		
(i) Investment in Government or trust securities	10 200	10 200
<b>Total</b>	<b>9 89 30 610</b>	<b>9 89 30 610</b>

\*Investments in shares of **INDUS GARMENTS (INDIA) PVT LTD.** (subsidiary) shown as Trade

## 13. LONG-TERM LOANS AND ADVANCES

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) Security Deposits</b>		
(i) Unsecured, Considered good	3 75 47 757	3 57 22 830
<b>(B) Advances Due From Directors</b>		
(i) Unsecured, Considered good	32 49 000	32 49 000
<b>Total</b>	<b>4 07 96 757</b>	<b>3 89 71 830</b>

## 14. INVENTORIES ( as certified by the management)

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(a) Raw Materials</b>		
(i) in stock	10 01 300	31 32 66 922
<b>(b) Work-in-progress</b>		
(i) in stock	13 23 57 329	31 54 49 376
<b>(c) Finished Goods</b>		
(i) in stock	5 41 97 252	21 62 03 672
<b>(d) Stores and spares</b>		
(i) in stock	70 95 420	76 07 309
<b>Total</b>	<b>19 46 51 301</b>	<b>85 25 27 279</b>

## 15. TRADE RECEIVABLES

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) Trade receivables outstanding for more than six months from the date they become due for payment:</b>		
(i) Unsecured, Considered good	124 01 88 893	4 30 50 430
(ii) Doubtful	22 33 70 745	13 05 533
Less: Allowance for bad and doubtful debts	22 33 70 745	13 05 533
<b>Total (A)</b>	<b>124 01 88 893</b>	<b>4 30 50 430</b>
<b>(B) Trade receivables - Others</b>		
(i) Secured, Considered good		
(i) Unsecured, Considered good	90 31 34 655	193 38 12 875
(ii) Doubtful	NIL	NIL
<b>Total (B)</b>	<b>90 31 34 655</b>	<b>193 38 12 875</b>
<b>Total (A+B)</b>	<b>214 33 23 548</b>	<b>197 68 63 305</b>

## 16. CASH AND BANK BALANCE

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) Cash and cash equivalents</b>		
<b>(i) Earmarked Bank Balances</b>		
(a) Unpaid dividend bank account	24 339	22 994
<b>(ii) Bank balances</b>		
(a) In Current account	40 41 747	4 99 89 209
<b>(iii) Cash on hand</b>	12 90 109	6 35 630
<b>Total(A)</b>	<b>53 56 195</b>	<b>5 06 47 832</b>
<b>(B) Other Bank Balances</b>		
(i) Bank balances held as margin money or as security against		
-- Maturity period less than 12 months		
(i) Letters of Credit	26 05 172	NIL
-- Maturity period more than 12 months		
(i) Letters of Credit	1 00 857	25 93 579
<b>Total(B)</b>	<b>27 06 029</b>	<b>25 93 579</b>
<b>TOTAL (A)+(B)</b>	<b>80 62 224</b>	<b>5 32 41 411</b>

## 17. SHORT-TERM LOANS AND ADVANCES

Particulars	As on 30th June 2013	As on 31st March 2012
<b>(A) Loans and Advances to related parties</b>		
<b>To Directors &amp; Relative of Directors</b>		
(i) Unsecured, Considered good	54 02 023	15 26 627
<b>(B) Others</b>		
Advances Recoverable In Cash Or Kind Or For Value To Be Received In The Normal Course Of Business	36 445	2 32 546
Advances given to employees	23 39 480	21 57 081
Advances given to Suppliers	9 82 85 708	1 68 52 301
Balances with Revenue Authorities	5 91 67 711	5 71 73 881
Mat Credit Entitlement	60 00 000	60 00 000
Prepaid expenses	14 60 506	3 25 000
Capital Advances		
(i) Unsecured, Considered good	39 08 748	28 35 888
<b>Total</b>	<b>17 66 00 621</b>	<b>8 71 03 324</b>

## 18. OTHER CURRENT ASSETS

Particulars	As on 30th June 2013	As on 31st March 2012
<b>Other Current Assets</b>		
- TUF Interest receivable	4 08 04 519	3 66 14 531
- Duty drawback receivable	59 84 006	3 75 15 880
- Duty entitlement exemption certificate receivable	21 12 911	1 66 49 324
- Insurance claim receivable	1 37 000	1 37 000
- Interest receivable	8 389	NIL
<b>Total</b>	<b>4 90 46 825</b>	<b>9 09 16 735</b>



INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

11. FIXED ASSETS - TANGIBLE

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the period

Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As on 31ST MARCH 2012	Additional adjustment during the year	Deductions during the year	As on 30th June 2013	As on 31ST MARCH 2012	Additional adjustment during the year	Deductions during the year	As on 30th June 2013	As on 31ST MARCH 2012	As on 30th June 2013
1. Land - Owned	4 02 63 930	NIL	NIL	4 02 63 930	NIL	NIL	NIL	NIL	4 02 63 930	4 02 63 930
2. Buildings - Owned	26 91 47 889	NIL	NIL	26 91 47 889	6 33 81 938	1 19 90 234	NIL	7 53 72 172	20 57 65 951	19 37 75 717
3. Building ( Lease hold Improvement)	9 43 84 372	NIL	NIL	9 43 84 372	5 45 67 759	91 58 186	NIL	6 37 25 945	3 98 16 613	3 06 58 427
4. Plant & Equipment - Owned	140 94 95 650	1 42 60 522	22 00 363	142 15 55 809	41 14 53 914	8 43 52 716	5 52 937	49 52 53 694	99 80 41 736	92 63 02 115
5. Furniture & Fixtures - Owned	2 76 74 608	4 54 000	NIL	2 81 28 608	1 01 51 829	22 19 339	NIL	1 23 71 168	1 75 22 779	1 57 57 440
6. Vehicles - Owned	2 01 37 673	4 00 000	50 54 394	1 54 83 279	1 20 73 044	21 28 790	32 70 545	1 09 31 289	80 64 629	45 51 990
7. Office equipments - Owned	83 68 427	NIL	NIL	83 68 427	23 49 952	4 96 603	NIL	28 46 555	60 18 475	55 21 872
8. Canteen equipments - Owned	1 43 642	NIL	NIL	1 43 642	81 696	11 359	NIL	93 055	61 946	50 587
9. Computer System - Owned	1 38 11 092	6 46 901	NIL	1 44 57 993	1 19 67 734	23 26 476	NIL	1 42 94 210	18 43 358	1 63 783
<b>Total</b>	<b>188 34 27 283</b>	<b>1 57 61 423</b>	<b>72 54 757</b>	<b>189 19 33 949</b>	<b>56 60 27 866</b>	<b>11 26 83 704</b>	<b>38 23 481</b>	<b>67 48 88 088</b>	<b>131 73 99 417</b>	<b>121 70 45 861</b>
Capital Work-In-Progress	6 77 49 030	- 15 47 990	0	6 62 01 040						6 62 01 040
	195 11 76 313	14213433	7254757	1958134989	566027866	112683704	3823481	674888088	1317399417	1283246901
<b>Previous Year</b>	<b>(183 84 51 851)</b>	<b>(4 66 28 264)</b>	<b>( 16 52 832)</b>	<b>(188 34 27 283)</b>	<b>(46 95 77 270)</b>	<b>(9 71 45 474)</b>	<b>( 6 94 878)</b>	<b>(56 60 27 866)</b>	<b>(136 88 74 581)</b>	<b>(131 73 99 417)</b>

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

**19. OTHER INCOME**

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
Profit /(Loss) on sale of assets	9 26 612	2 17 056
Interest from fixed deposit	3 18 134	9 15 495
Interest from others	1 80 744	26 55 948
Creditors no longer required written back	5 32 824	1 51 36 673
Provision no longer required written back	60 00 000	NIL
Bad debts recovered	44 00 704	NIL
Miscellaneous receipts	18 67 984	33 16 357
<b>Total</b>	<b>1 42 27 002</b>	<b>2 22 41 528</b>

**20. COST OF MATERIAL CONSUMED**

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
Opening Stock	31 32 66 922	31 54 29 656
Add : Purchases	265 21 87 032	311 98 43 520
Add : Freight & Carriage Inward	56 47 012	1 97 47 543
Less: Closing Stock	10 01 300	31 32 66 922
Raw material consumed based on derived basis	297 00 99 666	314 17 53 796
<b>Total</b>	<b>297 00 99 666</b>	<b>314 17 53 796</b>

**Consumption of Raw materials**

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
Yarn	NIL	
Opening Stock of Yarn	1 55 02 589	3 92 94 500
Yarn Purchase durring the Year	3 56 59 278	16 25 05 325
Closing Stock of Yarn	10 01 300	1 55 02 589
Cotton Yarn Consumption	5 01 60 567	18 62 97 236
Others incl. Fabric, Trims, Dyes, Chemicals	291 99 39 099	295 54 56 561
<b>Total</b>	<b>297 00 99 666</b>	<b>314 17 53 797</b>

**Value of imports calculated on C I F basis**

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
Raw Material & Packing Material	11 80 840	3 78 81 891
Components & Spare parts	59 46 038	4 13 589
Capital Goods	NIL	45 14 758
<b>Total</b>	<b>71 26 878</b>	<b>4 28 10 238</b>

## Consumption of Spare parts & Components

Particulars	Imported	Indigenous	%	
	Value	Value	Indigenous	Imported
Spare parts	59 46 038	1 24 22 001	68%	32%
Raw Materials	11 80 840	296 89 18 826	100%	0%

## 21. OTHER MANUFACTURING EXPENSES

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
Opening Stock	76 07 309	65 84 994
Add: Purchase of Stores, spares, chemicals and packing materials consumed	1 78 56 150	3 66 66 841
Less: Closing Stock	70 95 420	76 07 309
Stores, spares, chemicals and packing materials consumed based on derived basis	1 83 68 039	3 56 44 526
Repairs - Plant and Machinery	69 67 960	1 10 47 094
Repairs - Factory Buildings	27 33 691	15 12 671
Power and fuel consumed	9 96 86 961	21 95 97 603
Job Work Charges	2 10 84 816	28 28 53 900
<b>Total</b>	<b>14 88 41 467</b>	<b>55 06 55 794</b>

## 22. CHANGES IN INVENTORIES

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
<b>Increase/(Decrease) in Stock</b>		
Finished Goods		
Closing Stock	5 41 97 252	21 62 03 672
Opening Stock	21 62 03 672	21 23 54 393
	<b>(16 20 06 420)</b>	<b>38 49 279</b>
Work-in-Progress		
Closing Stock	13 23 57 329	31 54 49 376
Opening Stock	31 54 49 376	24 22 63 128
	<b>(18 30 92 047)</b>	<b>7 31 86 248</b>
<b>Total</b>	<b>(34 50 98 467)</b>	<b>7 70 35 527</b>

## 23. EMPLOYEE BENEFIT EXPENSES

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
Salaries and wages, bonus, gratuity and allowances	33 24 38 725	33 71 30 513
Contribution to PF & Other Funds	3 59 32 399	3 83 85 838
Staff Welfare Expenses	54 34 505	1 04 00 052
<b>Total</b>	<b>37 38 05 629</b>	<b>38 59 16 403</b>

## 24. FINANCE COSTS

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
<b>Interest Expense</b>		
Interest on Term Loans	20 47 73 701	15 21 75 566
Interest on Other Loans	29 20 09 058	18 91 39 813
Finance Charges on HP	NIL	9 483
Bank Charges	97 87 984	87 75 144
<b>Less: Interest income</b>		
Tuf Interest Income	1 08 30 295	1 09 12 826
<b>Total</b>	<b>49 57 40 448</b>	<b>33 91 87 180</b>

## 25. OTHER EXPENSES

Particulars	For the period ended 30th June 2013	For the period ended 31st March 2012
Rent	3 71 16 869	2 66 81 114
Insurance	31 23 467	59 48 829
Rates and Taxes other than taxes on income	6 92 973	27 31 573
Security Charges	87 07 063	74 43 929
Payment to statutory auditors		
- As Auditors	4 00 000	4 00 000
- For Tax Audit	1 50 000	1 50 000
- For Certification		35 000
- For Taxation matters	90 000	4 05 000
- For company law matters	50 000	50 000
- For Service tax	85 284	85 593
- reimbursement of expenses (out of pocket expenses)	9 000	46 000
Legal, Professional and consultancy charges	1 03 73 897	1 08 02 296
Advertisement, Publicity and Sale Promotion	13 79 363	22 02 888
Sampling & Inspection	40 94 689	55 49 801
Repairs and Maintenance		
- Vehicle	38 29 888	56 87 816
- Others	25 95 297	39 95 096
Communication Costs	37 13 252	54 18 488
Printing and Stationery	12 28 763	22 26 455
Travelling and conveyance	1 19 62 823	1 43 48 445
Freight and Forwarding	1 46 22 360	1 64 40 400
Bad Debts Written Off	9 86 740	37 80 951
Provision for Bad & doubtful debts (Refer Note no 27(l))	22 20 65 212	NIL
Sundry Advances Written Off	NIL	44 792
Exchange Loss on Foreign Currency Transactions	92 16 407	1 18 50 021
Miscellaneous expenses	1 10 66 106	98 79 799
<b>Total</b>	<b>34 75 59 453</b>	<b>13 62 04 286</b>

## 27. Other notes

### a) Earnings & Expenditure in Foreign currency during the period:

Particulars	Rs.	Rs.
	30.06.2013	31.03.2012
<b>Earnings</b>		
Exports - FOB Value	46 11 50 796	108 36 67 542
<b>Expenditure</b>		
Import of capital Goods	NIL	45 14 758
Import of Raw Materials	71 26 878	3 82 95 480
Travelling Expenses	6 04 840	14 06 674
Others	NIL	7 85 256
	<b>77 31 718</b>	<b>4 50 02 168</b>

### b) Operating Lease:

The maximum obligations on long term non-cancelable operating lease payable as per the rentals stated in the lease agreement are

Particulars	30.06.2013	31.03.2012
Within one year of the balance sheet date *	2 35 58 132	2 32 09 332
Due in a period between one year and five years *	10 30 66 827	10 05 08 828
Due after 5 years*	1 35 45 926	1 35 45 930

\*- Lease obligations are considered based on the operating lease period mentioned in the agreement. The Company has not renewed the agreement for its office in Mumbai from 31st March 2011, its corporate office from 31st March 2012, and Chennai office which expires on 31st March 2013. Hence the operating lease obligation to that effect is not considered above

## c) Disclosure pursuant to Accounting Standard - 15 (revised) - Employee Benefit :

The Company has with effect from 1st April 2007, adopted Accounting Standard - 15 (revised). The Company has a defined Gratuity Plan wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded

Defined Benefit Plan:	30.06.2013	31.03.2012
Change in present Value of Obligation:		
Present value of obligation as on 01.04.2012	1 37 68 220	1 19 94 439
Interest Cost	13 02 736	9 08 633
Current Service Costs	21 06 435	34 05 167
Benefits Paid	( 14 81 718)	( 26 09 276)
Actuarial Loss/(Gain) on obligation	( 62 69 440)	69 257
Present value of obligation as on 30.06.2013	94 26 233	1 37 68 220
Change in the Fair value of Plan Assets:		
Fair Value of Plan Assets as on 01.04.2012.	NIL	NIL
Contributions by employer	14 81 718	26 09 276
Expected Return on Plan Assets	NIL	NIL
Benefits Paid	( 14 81 718)	( 26 09 276)
Actuarial (Loss)/Gain on Plan Assets	NIL	NIL
Fair Value of Plan Assets as on 30.06.2013	NIL	NIL
Total actuarial Loss/(Gain) to be accounted	NIL	NIL
Actual Return on Plan Assets:		
Expected Return on Plan Assets		
Actuarial (Loss)/Gain on Plan Assets		
Actual Return on Plan Assets	NIL	NIL
Amount recognized in the Balance Sheet		
(Asset)/Liability as at 30.06.2013	94 26 233	1 37 68 220
Fair Value of Plan Assets as at 30.06.2013	NIL	
Difference	94 26 233	1 37 68 220
Unrecognized past service cost	NIL	NIL
(Asset)/Liability recognized in the Balance Sheet	94 26 233	1 37 68 220
(Income)/Expenses recognized in the Profit & Loss Statement:		
Current service cost	21 06 435	34 05 167
Interest cost on benefit obligation	13 02 736	9 08 633
Expected Return on Plan Assets	NIL	NIL
Net actuarial (gain)/Loss in the period	( 62 69 440)	69 257
Net (benefit)/expense (Refer Note below)	( 28 60 269)	43 83 057
Movement in net liability recognized in Balance Sheet:		
Opening Net Liability	1 37 68 220	1 19 94 439
Expenses as above (Expense recognized in P&L)	( 28 60 269)	43 83 057
Employers Contribution- Benefits Settled	( 14 81 718)	( 26 09 276)
(Asset)/Liability recognized in the Balance Sheet	94 26 233	1 37 68 220
Principal actuarial assumptions as at Balance Sheet Date:		
Discount rate:	8.00%	8.50%
(The rate of discount is considered based on market yield on Government Bonds)		
Expected rate of return on Plan Assets	8.00%	8.50%
(The estimated rate of return assumed by the insurance company is based on their investment pattern as stipulated by the Government of India)		
Annual Increase in salary cost	6%	6%

## d) Earnings Per Share

Particulars	2013	2012
Profit After Tax	(134 84 58 595)	6 29 48 984
Number of shares (Weight Average)	2 07 44 717	2 00 66 082
Basic Earnings per share: Basic & Diluted	-65.00	3.14

e) The Company is not in the possession of details required for the purpose of classification of creditors as per Micro, Small and Medium Enterprises Development Act, 2006. Hence the company is unable to furnish the information required under the said Act or under Schedule VI of the Companies Act, 1956.

f) Balances in certain party's accounts are subject to reconciliation and consequent adjustments thereof. In the opinion of the management the impact of such adjustments, if any, on the financial results would be not material.

g) The company operates in one segment, viz., Textiles.

## h) Taxation

a. Deferred Tax Asset on the current year losses of the company has been accounted on the basis of business plan and projection furnished by the company to the bankers based on which the debt restructuring has been sanctioned. There is a variation in the amount projected and the actuals. In the opinion of the management the variance would be offset by the earnings in future periods.

## i) Bank Balances

Consequent to listing of the company in stock exchange the company has communicated to the bankers for making necessary change in the name of the company in their records however some of the bankers have not given effect to the change and continuing in the erstwhile name.

j) Turnover of the company is net of sales returns and trade discounts

k) Other Operating revenue represents the export incentives receivable from the government authorities.

l) During the period the company has made a provision for bad & doubtful debts towards one of debtor amounting to Rs. 22,20,65,212/-.

l) Previous year figures have been regrouped / reclassified wherever necessary.

Place: BANGALORE

Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Vide our report of even date attached  
For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:004283S

(Balaji Bhat)  
Director

(G. Rangarajan)  
Partner  
Memb. No: 024107

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary

(in lakhs)

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2013

26. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As on 30th June 2013	As on 31st March 2012
(A) Contingent Liabilities		
Service Tax on Rent payable not recognised as debt as the case is pending with Hon'ble High Court of Karnataka	78.59	78.59
Bank Guarantee towards customs duty concession	42.91	42.91
Corporate Guarantee given on behalf of subsidiary company	2,848.00	2,848.00
(B) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,926.00	1,926.00
Total	4,895.50	4,895.50

## Related Party Transaction Disclosure as Per AS-18

### Transactions with Associates:-

S.N.	Particulars	Transactions during the period Amount
1	Conversion Charges received	62 56 428
2	Sale of goods	12 399
3	Purchase of goods	5 77 820
4	Loans and advances taken	16 00 000
5	Loans and advances provided(Net)	9 31 35 025
6	Others	NIL
	<b>Balance Outstanding</b>	
	<b>Payable</b>	<b>11 95 55 109</b>
	<b>Receivable</b>	<b>11 43 78 579</b>

### Transaction with the key Management Personnel:-

- 1 Mr. Nitin N Mandhana : Vice Chairman & Managing Director
- 2 Mr. Shashikant Mandhana : Executive Director
- 3 Mr. Prakash G. Mandhana : Executive Director

### Transaction with relatives of key Management Personnel :-

- 1 Mrs. Savita Mandhana
- 2 Mrs. Kavita Mandhana
- 3 Mrs. Neeta Mandhana
- 4 Mrs. Nirmala N Mandhana
- 5 Mrs. Leelavati G Mandhana
- 6 Mr . Narayandas mandhana

### Name of Related Parties & Relationships

#### Wholly Owned Subsidiary Company

- 1 Indus Garments Private Limited

#### Associates (Enterprises in which Key Management Personnel or their relatives exercise significant influence)

- 1 Abhay Weaving Mills Pvt. Ltd.
- 2 Abhijeet Weaving Mills Pvt. Ltd.
- 3 Ahaan Weaving Mills Pvt. Ltd.
- 4 Andrew Finvest Pvt Ltd
- 5 Avinash Weaving Mills Pvt. Ltd.
- 6 Indus Infoways Pvt. Ltd
- 7 Kamal Kishor Finvest Pvt Ltd
- 8 Kavita Weaving Mills Pvt. Ltd
- 9 Neeta Weaving Mills Pvt. Ltd
- 10 Niharika Weaving Mills Pvt. Ltd
- 11 Nirmala Hosieries Mills Pvt. Ltd
- 12 Parag Investment Pvt. Ltd
- 13 Propellor Infotech
- 14 Savita Textiles Pvt. Ltd
- 15 Siddhant Spinning & Weaving Mills Pvt. Ltd
- 16 Sneha Textiles Private Limited
- 17 Vedant Weaving Mills Pvt. Ltd
- 18 Vir Retail Private Limited
- 19 Tulsi Weaving Mills

Place: BANGALORE

Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Vide our report of even date attached

For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

(Balaji Bhat)  
Director

(G. Rangarajan)  
Partner  
Memb. No: 024107

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary



INDUS FILA LIMITED  
CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2013

**A) Cash Flow Statement for the Period ended 30th June 2013**

	Amount ₹ 2012-13	Amount ₹ 2011-2012	
Net Profit as per Profit & Loss Account	(1 29 86 51 546)	8 70 45 646	
Adjustments made :			
Provision for Gratuity	31 84 805	43 83 057	
Depreciation	11 26 83 704	9 71 45 474	
Loss/(Profit) on Sale of Fixed Assets	( 9 26 612)	( 2 17 056)	
Interest Received	( 3 18 134)	( 9 15 495)	
Finance Cost	49 57 40 448	33 91 87 180	
Operating Profit before Working Capital Changes	<u>-68 82 87 335</u>	<u>52 66 28 806</u>	
(Increase)/Decrease in Stock	65 78 75 978	( 7 58 95 108)	
(Increase)/Decrease in Sundry Debtors	( 16 64 60 243)	( 11 91 14 716)	
(Increase)/ Decrease in Loans & Advances/O	( 4 94 52 313)	( 1 13 64 169)	
Increase/(Decrease) in Sundry Creditors	58 61 86 696	10 71 06 634	
	<u>102 81 50 118</u>	<u>( 9 92 67 359)</u>	
Cash generated from Operations	<u>33 98 62 783</u>	<u>42 73 61 447</u>	
Income Taxes Paid	<u>-</u>	<u>-</u>	
Cash Flow before Extraordinary item	33 98 62 783	42 73 61 447	
<b>Net Cash from Operating Activities :</b>			42 73 61 447
	33 98 62 783		
Cash Flows from Investing Activities			
Purchase of Fixed Assets	( 49 63 453)	( 5 58 78 244)	
Proceeds on Disposal of Fixed Assets	43 57 888	11 75 010	
Interest Received	3 18 134	9 15 495	
<b>Net Cash from Investing Activities :</b>		( 2 87 431)	( 5 37 87 739)
Cash Flows from Financing Activities			
Proceeds from issue of Share Capital *	-	4 07 18 100	
Payment of long term borrowings *	11 09 85 909	( 4 48 65 835)	
Payment of Unsecured Loans	-	0	
Interest Paid	( 49 57 40 448)	( 33 91 87 180)	
<b>Net Cash from Financing Activities :</b>	( 38 47 54 539)		( 34 33 34 915)
	( 4 51 79 187)		3 02 38 793
Cash and Cash equivalents at beginning of period	5 32 41 411		2 30 02 618
Cash and Cash equivalents at end of period	<u><u>8,062,223</u></u>		<u><u>5 32 41 411</u></u>

\* Increase in share capital is on account of conversion of unsecured loan into share capital

Place: BANGALORE  
Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Vide our report of even date attached  
For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

(Balaji Bhat)  
Director

(G. Rangarajan)  
Partner  
Memb. No: 024107

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary

INDUS FILA LIMITED  
BALANCE SHEET AS ON 30th June 2013

	Note No	Consolidated for the year ending 30TH JUNE 2013	Consolidated for the year ending 31ST MARCH 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	20 35 62 170	20 35 62 170
(b) Reserves and Surplus	3	(50 10 38 407)	89 47 52 868
<b>(2) Non-Current Liabilities</b>			
(a) Long Term borrowings	4	79 91 73 767	95 44 15 988
(b) Deferred Tax Liabilities (Net)	5	8 69 46 750	4 03 37 410
(c ) Other Long-Term Liabilities	6		
(c) Long-Term Provisions	6	84 50 817	1 54 22 477
<b>(3) Current Liabilities</b>			
(a) Short- Term Borrowings	7	197 72 46 673	168 70 24 773
(b) Trade payables	8	71 70 24 043	59 61 81 813
(c ) Other Current Liabilities	9	114 41 80 851	53 35 46 961
(d) Short-Term Provisions	10	10 97 78 737	10 60 45 524
		<b>454 53 25 401</b>	<b>503 12 89 984</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	133 33 96 570	143 80 54 223
(ii) Capital Work-in-progress		6 62 01 040	7 69 99 010
(b) Non-Current investments	12	10 200	10 200
(c) Deferred Tax Asset			
(d) Long term Loans and advances	13	4 08 19 357	5 39 97 430
<b>(2) Current Assets</b>			
(a) Inventories	14	21 03 87 731	93 82 23 143
(b) Trade Receivables	15	265 06 77 510	224 23 85 671
(c) Cash and bank balances	16	1 11 99 414	6 92 74 886
(d) Short-Term Loans and advances	17	18 25 97 631	12 14 28 688
(e) Other Current assets	18	5 00 35 948	9 09 16 733
		<b>454 53 25 401</b>	<b>503 12 89 984</b>

See accompanying notes to financial statements

Place: BANGALORE  
Date: 26th July 2013

( Nitin N Mandhana )  
Vice Chairman & Managing Director

For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

( Balaji Bhat )  
Director

( Hansraj Rathor )  
Chief Finance Officer & Company Secretary

G Rangarajan  
Partner  
M.No.024107

INDUS FILA LIMITED  
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 2013

(in "Rs.")

	Particulars	Note No	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
	<b>REVENUE</b>			
I.	<b>Revenue from Operations</b>			
	Sales of products ( Refer Note no.27(j))		365 02 65 321	516 63 02 583
	Sales of Services		17 59 22 808	14 40 96 536
	Other Operating Revenue ( Refer Note no.27(k))		3 80 78 726	13 81 35 669
			386 42 66 855	544 85 34 788
	Less: Excise Duty		90 716	NIL
	Total		386 41 76 139	544 85 34 788
II.	<b>Other Income</b>	19	1 48 81 763	2 26 70 733
III.	<b>Total Revenue (I+II)</b>		<b>387 90 57 902</b>	<b>547 12 05 521</b>
	<b>EXPENSES</b>			
	Cost of materials consumed	20	329 70 48 405	378 33 12 825
	Other Manufacturing Expenses	21	16 39 91 540	40 64 48 893
	Changes in inventories of finished goods and work in progress	22	34 50 98 467	1 52 19 442
	Employee benefits expense	23	42 74 35 322	55 88 80 985
	Finance Costs	24	50 33 94 044	34 41 16 991
	Depreciation expense	11	12 03 07 878	10 27 41 112
	Other expense	25	36 53 13 747	16 76 81 892
IV.	<b>Total Expenses</b>		<b>522 25 89 403</b>	<b>537 84 02 140</b>
V.	<b>Profit/(Loss) before Exceptional &amp; Extraordinary Items &amp; Tax (III-IV)</b>		(134 35 31 501)	9 28 03 381
VI.	Exceptional items		NIL	NIL
	<b>Profit/(Loss) before Extraordinary Items &amp; Tax (PBT) (V-VI)</b>		(134 35 31 501)	9 28 03 381
VII.	Extraordinary Items		NIL	NIL
IX.	<b>Profit before Tax (PBT) (VII-VIII)</b>		(134 35 31 501)	9 28 03 381
X.	<b>Tax Expense of continuing operations:</b>			
	Current Tax		NIL	71 48 000
	Earlier year taxes(net)		45 02 434	( 25 53 338)
	Deferred Tax		4 66 09 341	2 87 59 586
	Mat Credit Entitlement		11 48 000	( 71 48 000)
			<b>5 22 59 775</b>	<b>2 62 06 248</b>
XI.	<b>Profit/(loss) for the period from continuing operations (IX-X)</b>		(139 57 91 277)	6 65 97 133
XII.	<b>Profit/(loss) for the period [Profit After Tax (PAT)]</b>		<b>(139 57 91 277)</b>	<b>6 65 97 133</b>
XIII.	<b>Earnings per equity share</b>			
	Basic & Diluted		-67.28	3.32
	Weighted Average No. Of Shares Used In Computing Earnings Per Share		<b>2 07 44 717</b>	<b>2 00 66 082</b>

See accompanying notes to financial statements

Place: BANGALORE  
Date: 26th July 2013

( Nitin N Mandhana )  
Vice Chairman & Managing Director

For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

( Balaji Bhat )  
Director

G Rangarajan  
Partner  
M.No.024107

( Hansraj Rathor )  
Chief Finance Officer & Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL PERIOD ENDED 30.09.2013

### Notes to Accounts

#### Note no-1

#### **A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The company follows Accrual System of Accounting on a going concern concept on historical cost convention method as per applicable mandatory accounting standards.

##### **1. USE OF ESTIMATES**

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. Actual results could differ from those estimates.

##### **2. FIXED ASSETS AND DEPRECIATION**

- a. Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing asset to its working condition for its intended use (including therein proportionate expenditure during construction period).
- b. Depreciation is provided on Straight Line basis as per Schedule XIV to the Companies Act, 1956 at the rates specified therein and in respect of buildings on lease hold land, cost is amortized as depreciation over the period of lease.

##### **3. INVENTORIES**

Inventories are valued at lower of cost or net realizable value. Cost includes all cost of purchase, applicable duties and taxes, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and in the case Finished Goods and Work-in-progress includes appropriate allocated/apportioned production overheads.

##### **4. FOREIGN CURRENCY TRANSACTION**

Monetary assets and liabilities are restated at the date of Balance Sheet. The resultant difference is charged / credited to Profit and Loss Account except in respect of liabilities related to fixed assets which is adjusted to the fixed assets. In respect of Foreign Currency Forward / Derivative contracts entered for hedge the outstanding contracts are evaluated with the foreseeable future transaction and in event of the material shortfall in the estimate of future transaction corresponding forward adjustment is made for the forward / derivative contracts, at the Balance Sheet date. However exchange Loss / Gain on the date of maturity of forward / derivative are adjusted in the profit and loss account of the period.

##### **5. REVENUE RECOGNITION**

- a. Revenue in respect of sales is recognized on transfer of significant risks and rewards of ownership which is generally at the point of dispatch of materials to customers.
- b. Other revenues including drawback claims etc., are recognized with due consideration for significant uncertainty if any in realization of such dues.

##### **6. RETIREMENT BENEFITS**

- a. **Defined Contribution Plan :-**  
In respect of provident fund benefits the company makes the stipulated contribution in respect of the employees to the regional provident fund authority under which the company's liability is limited to the extent of the contribution.
- b. **Defined Benefit Plan :-**  
The liability for defined benefit plan of the gratuity is determined on the basis of actuarial valuation at the end of the period using projected unit credit method. However, the liability has not been funded. Actuarial gain & loss which comprises experience adjustments & effect of change in actuarial assumption are recognized in the Profit & Loss Account.

## **7. INVESTMENTS**

Long term investments are stated at cost (net of provisions), if any, for diminution in value which is not temporary. Current investments are stated at lower of cost or fair value determined with reference to its market value realisability in consonance with the nature of underlying asset.

## **8. BORROWING COSTS**

Interest and other borrowing costs are charged to the profit and loss account except in cases where the borrowing is directly attributable to the acquisition, construction or production of an asset or group of assets, which take(s) substantial period of time to get ready for intended use. All other interest and other borrowing costs are recognised as expenses in the period in which they are incurred.

## **9. TAXES ON INCOME**

Income taxes are accounted in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Tax expense comprises of both current and deferred tax.

### **Current Tax**

Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws.

### **Deferred Tax**

Deferred Tax Assets and Liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using the tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for their appropriateness of their respective carrying value at each balance sheet date.

## **10. IMPAIRMENT OF ASSET**

The Company assesses the impairment of assets with reference to each Cash Generating Unit (CGU) at each Balance Sheet date if events or changes in circumstances, based on internal and external factors, indicate that the carrying value may not be recoverable in full. The loss on account of impairment, which is the difference between the carrying amount and recoverable amount, is accounted accordingly. Recoverable amount of a CGU is its net Selling price or value in use whichever is higher. The value in use is arrived at on the basis of estimated future cash flows discounted at company's pre-tax borrowing rates.

## **11. PROVISIONS & CONTINGENCIES:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions are not discounted to present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

### 2. (A) Authorised, Issued, Subscribed, Paid-up share capital and par value per share

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
<b>Authorised Share Capital</b> 4,00,00,000 Equity Shares of ₹.10/- each (Previous year 4,00,00,000 equity shares of ₹.10/- each)	40 00 00 000	40 00 00 000
<b>Issued &amp; Subscribed Share Capital</b> 2,07,44,717 equity shares of ₹10/- each (Previous year 2,07,44,717 equity shares of ₹.10/- each)	20 74 47 170	20 74 47 170
<b>Paid-up Share Capital</b> 2,07,44,717 equity shares of ₹10/- each (Previous year 2,07,44,717 equity shares of ₹.10/- each)	20 74 47 170	20 74 47 170
less: Amount recoverable from ESOP Trust	( 38 85 000)	( 38 85 000)
<b>Total</b>	<b>20 35 62 170</b>	<b>20 35 62 170</b>

### (B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the period

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
<b>Number of shares outstanding as the beginning of the period</b>	2 07 44 717	1 93 87 447
<b>Add:</b> Number of shares allotted during the period as fully paid-up pursuant to a contract without payment being received in cash	NIL	13 57 270
<b>Number of shares outstanding as at the end of the period</b>	<b>2 07 44 717</b>	<b>2 07 44 717</b>

### (C) Shares in the company held by each shareholder holding more than 5% shares

Name of the shareholder	Number of shares held in the company	Percentage of shares held
Kamal Kishore Finvest Private Limited	60 13 657	28.99%
Andrew Finvest Pvt Ltd	22 16 610	10.69%
Religare Finvest Ltd	17 48 089	8.43%
<b>Total</b>	<b>99 78 356</b>	<b>48.10%</b>

### (D) Details of allotments of shares for consideration other than cash(during the period of five years from 1.4.08 to 30.6.13)

Particulars	Amount
<b>Allotment of shares as fully paid-up pursuant to contracts without payments being received in cash</b>	
12,291 Equity Shares of Rs. 10 Each fully paid-up allotted on 25th June 2010 pursuant to scheme of Amalgamation with Tulip Apparel Private Limited	1 22 910
13,57,270 Equity Shares of Rs. 10 Each fully paid up allotted on 11th October 2011 as Preferential allotment for Conversion of Unsecured Loan into Equity Shares	1 35 72 700

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

## 3. RESERVES AND SURPLUS

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
<b>(A) Securities Premium Reserve</b>		
Opening Balance	89 95 29 810	89 95 29 810
Add: Transfer during the period	NIL	NIL
Closing Balance	<b>89 95 29 810</b>	<b>89 95 29 810</b>
<b>(B) Amalgamation Reserve</b>		
Opening Balance	48 75 590	48 75 590
Add: Transfer during the period	NIL	NIL
Closing Balance	<b>48 75 590</b>	<b>48 75 590</b>
<b>(C) Surplus (Profit and Loss Account)</b>		
Opening Balance	(8 89 64 109)	(15 55 61 246)
Add: Transfer during the period	(139 57 91 276)	6 65 97 133
Closing Balance	<b>(148 47 55 385)</b>	<b>(8 89 64 109)</b>
Less: Appropriations		
--- Proposed Dividend	NIL	NIL
--- Dividend Distribution Tax	NIL	NIL
--- Transfer to General Reserve	NIL	NIL
	<b>(148 47 55 385)</b>	<b>(8 89 64 109)</b>
<b>(D) Capital Reserve</b>	<b>7 93 11 577</b>	<b>7 93 11 577</b>
<b>Total</b>	<b>(50 10 38 407)</b>	<b>89 47 52 868</b>

### 4. LONG TERM BORROWINGS

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
(A) TERM LOANS FROM BANKS		
Secured		
- Term Loans From Banks	79 37 87 794	95 06 77 948
(B) LOANS AND ADVANCES FROM RELATED PARTIES		
Unsecured		
From Directors And Associates	53 85 973	37 38 040
<b>Total</b>	<b>79 91 73 767</b>	<b>95 44 15 988</b>

#### Nature of Security

The above Term loan from Banks are secured by

- First pari-passu charge on all the fixed assets, present and future of the company.
- Pari-passu second charge on all the current assets, present and future of the company.

#### Terms of Repayment of above Term loan from banks

a) Out of the total term loans, Rs 12.67 crores (as on 31.03.2012 Rs.15.38 crores) is repayable in 28 Quarterly installments commencing from June 2012. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as at period end(previous year 12 % p.a.)

b) Out of the total term loans, Rs 40.55 crores (as on 31.03.2012 Rs.48.12 crores) is repayable in 36 Quarterly installments commencing from June 2010. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as at period end(previous year 12 % p.a.)

c) Out of the total term loans, Rs 20.71 crores (as on 31.03.2012 Rs.24.89 crores) is repayable in 32 Quarterly installments commencing from June 2011. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as at period end(previous year 12% p.a.)

d) Out of the total term loans, Rs 5.32 crores (as on 31.03.2012 Rs.6.43 crores) is repayable in 40 Quarterly installments commencing from June 2009. Last installment due in March 2019. Rate of interest @ 11.75% p.a. as at period end(previous year 12 % p.a.)

e) Out of the total term loans, Rs. Nil (as on 31.03.2012 Rs. 0.086 crores) is repayable in 36 Monthly installments commencing from May 2011. Last installment due in April 2014. Rate of interest @ 11.02% p.a. as at period end.

f) Out of the total term loans, Rs.Nil (as on 31.03.2012 Rs. 0.068 crores) is repayable in 36 Monthly installments commencing from June 2011. Last installment due in May 2014. Rate of interest @ 11.25 % p.a. as at period end.

g) Out of the total term loans, Rs .029 crores (as on 31.03.2012 Rs.0.095 crores ) is repayable in 36 Monthly installments commencing from January 2012. Last installment due in December 2014. Rate of interest @ 14% p.a. as at period end.

h) Out of the total term loans, Rs .016 crores (as on 31.03.2012 Rs.Nil ) is repayable in 36 Monthly installments commencing from May 2012. Last installment due in April 2015. Rate of interest @ 11.5 % p.a. as at period end.

i) Out of the total term loans, Rs .039 crores (as on 31.03.2012 Rs.Nil ) is repayable in 36 Monthly installments commencing from June 2012. Last installment due in May 2015. Rate of interest @ 11.25 % p.a. as at period end.

j) Out of the total term loans, Rs .045 crores (as on 31.03.2012 Rs.Nil ) is repayable in 36 Monthly installments commencing from August 2012. Last installment due in July 2015. Rate of interest @ 11.25 % p.a. as at period end.

k) Continuing default- Rs 276222991 from 2010-11.



## 5. DEFERRED TAX LIABILITIES (NET)

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
Deferred Tax liabilities	17 68 74 345	21 04 93 314
Deferred Tax Assets	8 99 27 595	17 01 55 904
<b>Deferred Tax Liabilities (Net)</b>	<b>8 69 46 750</b>	<b>4 03 37 410</b>
<b>Movement of deferred tax</b>		
Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
Deferred Tax Liability on account of: Depreciation & Others	17 68 74 345	21 04 93 314
<b>Total</b>	<b>17 68 74 345</b>	<b>21 04 93 314</b>
Deferred Tax Assets:		
Unabsorbed Business Loss/ Depreciation	2 66 00 000	8 46 55 904
Other tax disallowances	6 33 27 595	8 55 00 000
<b>Total</b>	<b>8 99 27 595</b>	<b>17 01 55 904</b>
<b>Deferred Tax Liability/ (Asset) (Net)</b>	<b>8 69 46 750</b>	<b>4 03 37 410</b>

## 6. LONG-TERM PROVISIONS

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
Employee Benefits		
Provision For Gratuity	84 50 817	1 54 22 477
<b>Total</b>	<b>84 50 817</b>	<b>1 54 22 477</b>

## 7. SHORT-TERM BORROWINGS

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>(A) LOANS REPAYABLE ON DEMAND</b>		
Secured		
From Banks		
Working Capital Loans repayable on demand (secured against hypothecation of all current assets present and future)	179 74 37 707	161 40 24 589
<b>(B) LOANS AND ADVANCES FROM RELATED PARTIES</b>		
Unsecured		
From Directors & Relatives of Directors	5 50 49 504	5 48 54 595
<b>(C) OTHERS</b>		
Unsecured		
Inter Corporate Deposit & Others	11 91 75 004	1 81 45 589
<b>Total</b>	<b>197 16 62 215</b>	<b>168 70 24 773</b>

## 8. CURRENT LIABILITIES

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>Trade Payables -</b>		
---- Raw Materials	26 13 26 162	16 76 69 285
---- Consumables	8 62 22 167	10 48 79 237
---- Expenses & Others	32 21 97 729	27 68 72 718
<b>Others-</b>		
---- Capital goods	4 72 77 985	4 67 60 573
Payable to Micro, Small and Medium Enterprises ( Refer Note no..... of Notes to accounts)	NIL	NIL
<b>Total</b>	<b>71 70 24 043</b>	<b>59 61 81 813</b>

## 9. OTHER CURRENT LIABILITIES

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
Current maturities of long term debt	39 59 53 556	26 26 46 429
Interest accrued and due on borrowings (Continuing default- Rs 24,87,87,984/- from the year 2010-11)	43 53 15 169	19 67 48 526
Unpaid/unclaimed dividends	24 339	22 994
Advance from Customers	8 37 61 494	82 42 765
Other Liabilities		
- PF,ESI & Professional Tax Payable	6 13 04 316	1 64 19 278
- TDS Payable	3 28 90 450	2 45 59 535
- Service Tax Payable	14 22 021	4 93 412
Credit balance in Bank accounts	13 90 93 964	2 44 14 022
<b>Total</b>	<b>114 97 65 309</b>	<b>53 35 46 961</b>

## 10. SHORT-TERM PROVISIONS

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
Provision For Bonus	2 30 75 425	2 35 96 409
Provision For Gratuity	9 75 416	12 08 653
Provision for dividends (including dividend distribution tax)	16 46 404	16 46 404
Provision for Income Tax	8 15 19 146	7 70 31 712
Provision For Fringe Benefit Tax	25 62 346	25 62 346
<b>Total</b>	<b>10 97 78 737</b>	<b>10 60 45 524</b>

## 12. NON-CURRENT INVESTMENTS

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>(A) Non-trade Investments</b>		
Unquoted		
(i) Investment in Government or trust securities	10 200	10 200
<b>Total</b>	<b>10 200</b>	<b>10 200</b>

## 13. LONG-TERM LOANS AND ADVANCES

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>(A) Security Deposits</b>		
(i) Unsecured, Considered good	3 75 70 357	5 07 48 430
<b>(B) Advances Due From Directors</b>		
(i) Unsecured, Considered good	32 49 000	32 49 000
<b>Total</b>	<b>4 08 19 357</b>	<b>5 39 97 430</b>

## 14. INVENTORIES ( as certified by the management)

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>(a) Raw Materials</b>		
(i) in stock	1 67 37 730	39 43 62 520
<b>(b) Work-in-progress</b>		
(i) in stock	13 23 57 329	31 54 49 376
<b>(c) Finished Goods</b>		
(i) in stock	5 41 97 252	21 62 03 672
<b>(d) Stores and spares</b>		
(i) in stock	70 95 420	1 22 07 575
<b>Total</b>	<b>21 03 87 731</b>	<b>93 82 23 143</b>

## 15. TRADE RECEIVABLES

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>(A) Trade receivables outstanding for more than six months from the date they become due for payment:</b>		
(i) Unsecured, Considered good	174 75 42 855	7 62 79 022
(ii) Doubtful	22 33 70 745	13 05 533
Less: Allowance for bad and doubtful debts	22 33 70 745	13 05 533
<b>Total (A)</b>	<b>174 75 42 855</b>	<b>7 62 79 022</b>
<b>(B) Trade receivables - Others</b>		
(i) Unsecured, Considered good	90 31 34 655	216 61 06 649
(ii) Doubtful	NIL	NIL
<b>Total (B)</b>	<b>90 31 34 655</b>	<b>216 61 06 649</b>
<b>Total (A+B)</b>	<b>265 06 77 510</b>	<b>224 23 85 671</b>

## 16. CASH AND BANK BALANCE

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>(A) Cash and cash equivalents</b>		
<b>(i) Earmarked Bank Balances</b>		
(a) Unpaid dividend bank account	24 339	22 994
<b>(ii) Bank balances</b>		
(a) In Current account	41 76 522	5 02 04 152
<b>(iii) Cheques, drafts in hand</b>		
(a) Cheques on hand	NIL	1 29 93 148
<b>(iv) Cash on hand</b>	32 33 298	6 73 976
<b>Total(A)</b>	<b>74 34 159</b>	<b>6 38 94 270</b>
<b>(B) Other Bank Balances</b>		
(i) Bank balances held as margin money or as security against		
-- Maturity period less than 12 months		
(i) Letters of Credit	36 64 398	27 87 037
-- Maturity period more than 12 months		
(i) Letters of Credit	1 00 857	25 93 579
<b>Total(B)</b>	<b>37 65 255</b>	<b>53 80 616</b>
<b>TOTAL (A)+(B)</b>	<b>1 11 99 414</b>	<b>6 92 74 886</b>

## 17. SHORT-TERM LOANS AND ADVANCES

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>(A) Loans and Advances to related parties</b>		
<b>To Directors &amp; Relative of Directors</b>		
(i) Unsecured, Considered good	54 02 023	15 26 627
<b>(B) Others</b>		
Advances Recoverable In Cash Or Kind Or For Value To Be Received In The Normal Course Of Business	12 81 307	86 46 996
Advances given to employees	24 03 480	21 57 081
Advances given to Suppliers	9 41 75 739	3 37 12 376
Balances with Revenue Authorities	6 51 68 829	6 20 74 553
Mat Credit Entitlement	87 97 000	99 45 000
Prepaid expenses	14 60 506	5 30 167
Capital Advances		
(i) Unsecured, Considered good	39 08 747	28 35 888
<b>Total</b>	<b>18 25 97 631</b>	<b>12 14 28 688</b>

## 18. OTHER CURRENT ASSETS

Particulars	For the year ended 30th June 2013	For the year ended 31st March 2012
<b>Others</b>		
- TUF Interest receivable	4 08 04 519	3 66 14 529
- Duty drawback receivable	69 53 949	3 75 15 880
- Duty entitlement exemption certificate receivable	21 12 911	1 66 49 324
- Insurance claim receivable	1 37 000	1 37 000
- Interest receivable	27 569	NIL
<b>Total</b>	<b>5 00 35 948</b>	<b>9 09 16 733</b>

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the period

Description	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	As on 31st March 2012	Additional adjustment during the period	Deductions during the period	As on 30th June 2013	As on 31st March 2012	As on 30th June 2013
1. Land	4 02 63 930	NIL	NIL	NIL	4 02 63 930	4 02 63 930
2. Buildings	29 92 14 575	NIL	1 32 37 461	NIL	23 24 82 265	21 92 44 804
3. Building ( Lease hold Improvement)	9 43 84 372	NIL	91 58 187	NIL	6 37 25 945	3 98 16 613
4. Plant & Equipment	148 89 91 542	1 42 60 522	42 59 23 036	5 52 937	51 40 36 733	106 30 68 507
5. Furniture & Fixtures	4 51 63 883	4 54 000	1 25 64 129	NIL	1 53 12 727	3 25 99 754
6. Vehicles	2 85 65 860	37 20 077	1 33 46 888	32 70 545	1 35 74 981	1 52 18 972
7. Office equipments	1 32 50 222	NIL	28 75 015	NIL	34 08 715	1 03 75 207
8. Canteen equipments	1 43 642	NIL	81 696	NIL	93 055	61 946
9. Computer System	1 73 34 699	6 46 901	1 31 67 672	NIL	1 56 20 973	41 67 027
Total	202 73 12 725	1 90 81 500	203 91 39 468	38 23 482	70 57 42 900	143 80 54 223
Previous Year	(197 43 82 537)	(5 45 83 024)	(202 73 12 725)	( 6 94 878)	(58 92 58 504)	(143 80 54 223)

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

**19. OTHER INCOME**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
Profit /(Loss) on sale of assets	9 26 612	2 17 056
Interest from fixed deposit	3 65 762	11 41 079
Interest from others	1 80 744	26 55 948
Creditors no longer required written back	5 32 824	1 51 36 673
Provision no longer required written back	60 00 000	NIL
Bad debts recovered	44 00 704	NIL
Miscellaneous receipts	24 75 117	35 19 977
<b>Total</b>	<b>1 48 81 763</b>	<b>2 26 70 733</b>

**20. COST OF MATERIAL CONSUMED**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
Opening Stock	39 43 62 520	33 85 08 196
Add : Purchases	291 02 57 074	381 10 48 256
Add : Freight & Carriage Inward	91 66 542	2 81 18 894
Less: Closing Stock	1 67 37 730	39 43 62 520
Raw material consumed based on derived basis	329 70 48 405	378 33 12 826
<b>Total</b>	<b>329 70 48 405</b>	<b>378 33 12 825</b>

**21. OTHER MANUFACTURING EXPENSES**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
Stores, spares, chemicals and packing materials consumed based on derived basis	2 62 73 150	5 87 34 398
Repairs - Plant and Machinery	97 23 231	1 12 73 980
Repairs - Factory Buildings	28 16 103	15 53 471
Power and fuel consumed	10 22 24 977	23 03 88 764
Job Work Charges	2 26 07 109	10 44 98 280
Prior period expenses [Refer Note (i) below]	3 46 970	
<b>Total</b>	<b>16 39 91 540</b>	<b>40 64 48 893</b>

(i) Prior Period expenses comprises:

Power Charges	3 31 460	
Water Charges		
Job Work Charges	15 510	
<b>Total</b>	<b>3 46 970</b>	

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

**22. CHANGES IN INVENTORIES**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
<b>Increase/(Decrease) in Stock</b>		
Finished Goods		
Closing Stock	5 41 97 252	21 62 03 672
Opening Stock	21 62 03 672	23 77 03 566
	<b>(16 20 06 420)</b>	<b>(2 14 99 894)</b>
Work-in-Progress		
Closing Stock	13 23 57 329	31 54 49 376
Opening Stock	31 54 49 376	30 91 68 924
	<b>(18 30 92 047)</b>	<b>62 80 452</b>
<b>Total</b>	<b>(34 50 98 467)</b>	<b>(1 52 19 442)</b>

**23. EMPLOYEE BENEFIT EXPENSES**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
Salaries and wages, bonus, gratuity and allowances	38 03 66 406	49 03 25 530
Contribution to PF & Other Funds	4 13 26 999	5 75 53 847
Staff Welfare Expenses	57 41 917	1 10 01 608
<b>Total</b>	<b>42 74 35 322</b>	<b>55 88 80 985</b>

**24. FINANCE COSTS**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
<b>Interest Expense</b>		
Interest on Term Loans	20 75 40 824	15 40 63 819
Interest on Other Loans	29 66 71 510	19 10 47 028
Finance Charges on HP	NIL	9 483
Bank Charges	1 00 12 005	99 09 488
Less: Interest income	NIL	NIL
Tuf Interest Income	1 08 30 295	1 09 12 826
<b>Total</b>	<b>50 33 94 044</b>	<b>34 41 16 991</b>

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

**25. OTHER EXPENSES**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
Rent	3 96 46 985	4 74 16 034
Insurance	35 66 844	70 25 557
Rates and Taxes other than taxes on income	37 58 195	63 56 982
Security Charges	99 99 409	97 57 581
Payment to statutory auditors		
- As Auditors	5 01 124	5 75 000
- For Tax Audit	1 72 472	2 00 000
- For Certification		NIL
- For Taxation matters	90 000	25 000
- For company law matters	50 000	50 000
- For Service tax	85 284	1 04 545
- reimbursement of expenses (out of pocket expenses)	9 000	30 000
Legal, Professional and consultancy charges	1 08 84 980	1 24 22 748
Advertisement, Publicity and Sale Promotion	13 81 490	22 31 262
Sampling & Inspection	41 11 209	57 82 085
Repairs and Maintenance		
- Vehicle	40 04 560	58 26 665
- Others	28 80 133	55 14 562
Communication Costs	37 48 230	55 05 401
Printing and Stationery	13 91 767	29 10 838
Travelling and conveyance	1 20 70 891	1 48 42 182
Freight and Forwarding (Included prior period expenses of Rs.22473)	1 46 61 650	2 09 99 944
Bad Debts Written Off	9 88 525	40 80 546
Provision for Bad & doubtful debts (Refer Note no 27(l))	22 20 65 212	NIL
Sundry Advances Written Off	NIL	44 792
Exchange Loss on Foreign Currency Transactions	1 81 09 044	59 34 885
Miscellaneous expenses	1 11 36 744	1 00 45 281
<b>Total</b>	<b>36 53 13 747</b>	<b>16 76 81 892</b>

**26. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
<b>(A) Contingent Liabilities</b>		
Service Tax on Rent payable not recognised as debt as the case is pending with Hon'ble High Court of Karnataka	78.59	78.59
Bank Guarantee towards customs duty concession	42.91	56.04
<b>(B) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1926.00	1926.00
<b>Total</b>	<b>2048.00</b>	<b>2061.00</b>



## INDUS FILA LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

#### 27. Other notes

##### a) CONSOLIDATION PROCEDURE:

The consolidated Financial Statements ("CFS") has been prepared on the basis of audited financial statement of the Parent company Viz. Indus Fila Limited for the period ended 30.06.2013 and its subsidiary viz. Indus Garments (India) Private Limited, Bangalore (Shareholding 100%) for the period ended 30.06.2013. The financial statements of the Parent and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra-group transactions and unrealized profit/ loss.

##### b) Operating Lease:

The maximum obligations on long term non-cancelable operating lease payable as per the rentals stated in the lease agreement are

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
Within one year of the balance sheet date *	1 76 68 617	3 34 55 022
Due in a period between one year and five years *	10 30 66 932	14 49 19 954
Due after 5 years*	1 35 45 940	2 64 50 621

\*- Lease obligations are considered based on the operating lease period mentioned in the agreement. The Company has not renewed the agreement for its office in Mumbai from 31st March 2011, its corporate office from 31st March 2012, and Chennai office which expires on 31st March 2013. Hence the operating lease obligation to that effect is not considered above

**INDUS FILA LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013**

**c) Disclosure pursuant to Accounting Standard - 15 (revised) - Employee Benefit :**

The Company has with effect from 1st April 2007, adopted Accounting Standard - 15 (revised). The Company has a defined Gratuity Plan wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded

<b>Defined Benefit Plan:</b>	<b>Consolidated for the year ended 30th June 2013</b>	<b>Consolidated for the year ended 31st March 2012</b>
Change in present Value of Obligation:		
Present value of obligation as on 01.04.2012	1 37 68 220	1 35 70 595
Interest Cost	13 02 736	10 41 234
Current Service Costs	21 06 435	46 12 710
Benefits Paid	( 14 81 718)	( 26 41 576)
Actuarial Loss/(Gain) on obligation	( 62 69 440)	48 167
Present value of obligation as on 30.06.2013	94 26 233	1 66 31 130
Change in the Fair value of Plan Assets:		
Fair Value of Plan Assets as on 01.04.2012	NIL	NIL
Contributions by employer	14 81 718	26 41 576
Expected Return on Plan Assets	NIL	NIL
Benefits Paid	( 14 81 718)	( 26 41 576)
Actuarial (Loss)/Gain on Plan Assets	NIL	NIL
Fair Value of Plan Assets as on 31.03.2013	NIL	NIL
Total actuarial Loss/(Gain) to be accounted	NIL	NIL
Actual Return on Plan Assets:		
Expected Return on Plan Assets		
Actuarial (Loss)/Gain on Plan Assets		
Actual Return on Plan Assets	NIL	NIL
Amount recognized in the Balance Sheet (Asset)/Liability as at 30.06.2013	94 26 233	1 66 31 130
Fair Value of Plan Assets as at 30.06.2013		
Difference	94 26 233	1 66 31 130
Unrecognized past service cost		
(Asset)/Liability recognized in the Balance Sheet	94 26 233	1 66 31 130
(Income)/Expenses recognized in the Profit & Loss Statement:		
Current service cost	21 06 435	46 12 710
Interest cost on benefit obligation	13 02 736	10 41 234
Expected Return on Plan Assets	NIL	NIL
Net actuarial (gain)/Loss in the period	( 62 69 440)	48 167
Net (benefit)/expense (Refer Note below)	( 28 60 269)	57 02 111
Movement in net liability recognized in Balance Sheet:		
Opening Net Liability	1 37 68 220	1 35 70 595
Expenses as above (Expense recognized in P&L)	( 28 60 269)	57 02 111
Employers Contribution- Benefits Settled	( 14 81 718)	( 26 41 576)
(Asset)/Liability recognized in the Balance Sheet	94 26 233	1 66 31 130
Principal actuarial assumptions as at Balance Sheet Date:		
Discount rate:	8.00%	8.50%
(The rate of discount is considered based on market yield on Government Bonds)		
Expected rate of return on Plan Assets	8.00%	8.50%
(The estimated rate of return assumed by the insurance company is based on their investment pattern as stipulated by the Government of India)		
Annual Increase in salary cost	6%	6%

INDUS FILA LIMITED  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

**d) Deferred Tax**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
<b>Deferred Tax Liability on account of:</b>		
Depreciation & Others	17 68 74 345	21 04 93 314
<b>Total</b>	<b>17 68 74 345</b>	<b>21 04 93 314</b>
<b>Deferred Tax Assets:</b>		
Unabsorbed Business Loss/ Depreciation	2 66 00 000	8 46 55 904
Other tax disallowances	6 33 27 595	8 55 00 000
<b>Total</b>	<b>8 99 27 595</b>	<b>17 01 55 904</b>
<b>Deferred Tax Liability/ (Asset) (Net)</b>	<b>8 69 46 750</b>	<b>4 03 37 410</b>

**e) Earnings Per Share**

Particulars	Consolidated for the year ended 30th June 2013	Consolidated for the year ended 31st March 2012
Profit After Tax	(139 57 91 277)	6 65 97 133
Number of shares (Weight Average)	2 07 44 717	2 00 66 082
Basic Earnings per share: Basic & Diluted	-67.28	3.32

f) The Company is not in the possession of details required for the purpose of classification of creditors as per Micro, Small and Medium Enterprises Development Act, 2006. Hence the company is unable to furnish the information required under the said Act or under Schedule VI of the Companies Act, 1956.

g) Balances in certain party's accounts are subject to reconciliation and consequent adjustments thereof. In the opinion of the management the impact of such adjustments, if any, on the financial results would be not material.

h) The company operates in one segment, viz., Textiles.

**i) Taxation**

Deferred Tax Asset on the current year losses of the company has been accounted on the basis of business plan and projection furnished by the company to the bankers based on which the debt restructuring has been sanctioned. There is a variation in the amount projected and the actuals. In the opinion of the management the variance would be offset by the earnings in future periods.

j) Turnover of the company is net off sales returns and trade discounts

k) Other Operating revenue represents the export incentives receivable from the government authorities.

l) During the period the company has made a provision for bad & doubtful debts towards one of debtor amounting to Rs. 22,20,65,212/-

m) Previous year figures have been regrouped / reclassified wherever necessary.

Place: BANGALORE  
Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Vide our report of even date attached  
For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

(Balaji Bhat)  
Director

G Rangarajan  
Partner  
M.No.024107

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary

INDUS FILA LIMITED  
 NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013  
 26. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)  
 (in lakhs)

Particulars	Consolidated for the period ended 30th June 2013	Consolidated for the year ended 31st March 2012
(A) Contingent Liabilities		
Service Tax on Rent payable not recognised as debt as the case is pending with Hon'ble High Court of Karnataka	78.59	78.59
Bank Guarantee towards customs duty concession	42.91	56.04
(B) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1 926	1 926
Total	2 048	2 061

## Related Party Transaction Disclosure as Per AS-18

### Transactions with Associates:-

S.N.	Particulars	Transactions during the year Amount
1	Conversion Charges received	62 56 428
2	Sale of goods	12 399
3	Conversion Charges provided	5 77 820
4	Purchase of goods	16 00 000
5	Loans and advances given	9 31 35 025
6	Others	NIL
	<b>Balance Outstanding</b>	
	<b>Payable</b>	<b>11 95 55 109</b>
	<b>Receivable</b>	<b>3 30 49 387</b>

### Transaction with the key Management Personnel:-

- 1 Mr. Nitin N Mandhana : Vice Chairman & Managing Director
- 2 Mr. Shashikant Mandhana : Executive Director
- 3 Mr. Prakash G. Mandhana : Executive Director

### Transaction with relatives of key Management Personnel :-

- 1 Mrs. Savita Mandhana
- 2 Mrs. Kavita Mandhana
- 3 Mrs. Neeta Mandhana
- 4 Mrs. Nirmala N Mandhana
- 5 Mrs. Leelavati G Mandhana
- 6 Mr . Narayandas mandhana

### Name of the Related parties

Associates (Enterprises in which Key Management Personnel or their relatives exercise significant influence)

- 1 Abhay Weaving Mills Pvt. Ltd.
- 2 Abhijeet Weaving Mills Pvt. Ltd.
- 3 Ahaan Weaving Mills Pvt. Ltd.
- 4 Andrew Finvest Pvt Ltd
- 5 Avinash Weaving Mills Pvt. Ltd.
- 6 Indus Infoways Pvt. Ltd
- 7 Kamal Kishor Finvest Pvt Ltd
- 8 Kavita Weaving Mills Pvt. Ltd
- 9 Neeta Weaving Mills Pvt. Ltd
- 10 Niharika Weaving Mills Pvt. Ltd
- 11 Nirmala Hosieries Mills Pvt. Ltd
- 12 Parag Investment Pvt. Ltd
- 13 Propellor Infotech
- 14 Savita Textiles Pvt. Ltd
- 15 Siddhant Spinning & Weaving Mills Pvt. Ltd
- 16 Sneha Textiles Private Limited
- 17 Vedant Weaving Mills Pvt. Ltd
- 18 Vir Retail Private Limited
- 19 Tulsi Weaving Mills

Place: BANGALORE

Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Vide our report of even date attached

For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

(Balaji Bhat)  
Director

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary

## A) Cash Flow Statement for the year ended 30th June 2013

	Consolidated for the year ended 30th June 2013		Consolidated for the year ended 31st March 2012	
	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)
Net Profit as per Profit & Loss Account	(1 34 35 31 501)		9 28 03 381	
Adjustments made :				
Provision for Gratuity	31 84 805		43 83 057	
Earlier Year Tax Adjustment	-		25 53 338	
Depreciation	12 03 07 878		10 27 41 112	
Loss/(Profit) on Sale of Fixed Assets	( 9 26 612)		( 2 17 056)	
Interest Received	( 3 65 762)		( 37 97 027)	
Other Income	-		( 1 16 16 696)	
Finance Cost	50 31 70 023		34 41 85 634	
Foreign Exchange fluctuation loss	88 11 563		-	
Operating Profit before Working Capital Changes	<u>( 70 93 49 605)</u>		<u>53 10 35 743</u>	
(Increase)/Decrease in Stock	72 78 35 412		( 3 72 32 876)	
(Increase)/Decrease in Sundry Debtors	( 39 44 79 192)		( 21 35 22 294)	
(Increase)/ Decrease in Loans & Advances/Ot	( 8 84 39 280)		2 02 44 513	
Increase/ (Decrease) in Sundry Creditors	79 71 69 997		12 86 93 635	
	<u>104 20 86 937</u>		<u>( 10 18 17 022)</u>	
Cash generated from Operations	<u>33 27 37 332</u>		<u>42 92 18 721</u>	
Income Taxes Paid	( 15 000)		-	
Cash Flow before Extraordinary item	<u>33 27 22 332</u>		<u>42 92 18 721</u>	
Extraordinary Item				
Net Cash from Operating Activities :		33 27 22 332		42 92 18 721
Cash Flows from Investing Activities				
Purchase of Fixed Assets	( 82 83 531)		( 6 38 33 004)	
Proceeds on Disposal of Fixed Assets	43 57 888		11 75 016	
Interest Received	3 65 762		37 97 027	
Other Income			1 16 16 696	
Net Cash from Investing Activities :		( 35 59 881)		( 4 72 44 265)
Cash Flows from Financing Activities				
Proceeds from issue of Share Capital	-		4 07 18 100	
Payment of long term borrowings	11 11 58 409		( 3 62 41 788)	
Payment of Unsecured Loans	-		-	
Dividend paid	-		-	
Dividend Tax Paid	-		-	
Dividend Tax Reverse d	-		-	
Preliminary expenses	-		-	
Interest Paid	( 49 83 96 334)		( 34 41 85 634)	
Net Cash from Financing Activities :		( 38 72 37 925)		( 33 97 09 322)
		( 5 80 75 474)		4 22 65 134
Cash and Cash equivalents at beginning of period	<u>6 92 74 886</u>		<u>2 70 09 752</u>	
Cash and Cash equivalents at end of period	<u>1 11 99 414</u>		<u>6 92 74 886</u>	

Place: BANGALORE

Date: 26th July 2013

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Vide our report of even date attached  
For SURI & CO.,  
Chartered Accountants  
Firm Regn. No:0042835

(Balaji Bhat)  
Director

(G. Rangarajan)  
Partner  
Memb. No: 024107

(Hansraj Rathor)  
Chief Finance Officer & Company Secretary

## Information Regarding Subsidiary Company

(Rs. in lakhs)

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Invest ments	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
Indus Garments (India) Private Limited	198.00	1458.70	7309.16	7309.16	Nil	(448.79)	24.53	(473.32)	Nil

## INDUS FILA LIMITED

Registered Office: Survey No. 285, 37<sup>th</sup> KM Stone, Kasaba Hobli, Nelamangala,  
Bangalore Rural District – 562 123

### ATTENDANCE SLIP

Folio No.	
-----------	--

No of Shares held	
-------------------	--

DP Id/Client ID	
-----------------	--

Name and address of shareholder / Proxy holder

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I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, the 18th December 2013 at No.284, 285, T.Begur Village, Kasaba Hobli, Nelamangala, Bangalore Rural District - 562123, Karnataka at .9.00 A.M.

Member's / Proxy's Signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting Hall)

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## INDUS FILA LIMITED

Registered Office: Survey No. 285, 37<sup>th</sup> KM Stone, Kasaba Hobli, Nelamangala,  
Bangalore Rural District – 562 123

### PROXY FORM

Folio No.	
-----------	--

No. of Shares held	
--------------------	--

DP ID/Client ID	
-----------------	--

I / We \_\_\_\_\_ of  
Members of INDUS FILA LIMITED hereby appoint Mr./Ms. \_\_\_\_\_ being a Member /  
\_\_\_\_\_ of  
or  
failing him / her Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_ as my  
/ our Proxy to attend and vote for me / us and on my / our behalf at the ANNUAL GENERAL MEETING of the  
Company to be held on Wednesday, 18th December 2013 at 9.00 A.M. and at any adjournment (s) thereof.

Signed this \_\_\_\_ day of December, 2013.

Affix Re.1/- Revenue Stamp
-------------------------------------

Signature(s)

Proxy Form must reach company's registered office not later 48 Hours before commencement of the meeting.
FOR OFFICE USE ONLY
DATE OF RECEIPT