

# Indus fila

(An Indus Mandhana Enterprise)

# Indus Fila

From Design to Delivery

(An Indus Mandhana Enterprise)

Annual Report '09-'10

**FORWARD - LOOKING STATEMENT**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospectus and take informed investment decisions. This Report and other statements - written and oral – that we periodically make . contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result o new information, future events or otherwise

**LETTER TO SHAREHOLDERS****Dear Fellow Shareholders**

It is a privilege to welcome you to the 11<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.

In the year under review, Indus Fila weathered the impact of the global economic slowdown that began in FY08, and whose after effects continued well into FY10.

We will continue to put our best efforts and strategy to shape our future. We will focus on improving our business, increasing efficiency, product innovation and restructuring our businesses in order to get closer to the key markets. With this strategy, we can offer our customers better services and products. With economic recovery, global demand for Textiles will resume its growth, in step with rising population and growing economies of the developing countries.

I am grateful to the Board of Directors for their unwavering support and guidance. I also take this opportunity to express my gratitude to all our stakeholders, who have reposed trust in us and extended their constant support.

**Annual General Meeting 2010**

I am pleased to enclose the Notice of Meeting for the Eleventh Annual General Meeting (the "AGM") of Indus Fila Limited together with the 2010 Annual Report and Summary.

The AGM will be held at 9 am on Tuesday, 28<sup>th</sup> September 2010 at the Registered Office of the Company at Survey No. 285, 37<sup>th</sup> KM Stone, Kasaba Hobli, T. Begur, Nelamangala, Bangalore – 562 123.

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 your appointment of a proxy should reach the company's registered office 48 hours prior to the meeting.

A resolution referring to the Financial Statements is included in the ordinary business of the AGM.

Our Articles of Association require that certain of our current Directors retire by rotation. I therefore ask you to support the re-appointment of Mr. Shashikant G. Mandhana and Mr. V. Balaji Bhat who will each retire and offer themselves for re-election.

Explanatory notes for all the business of the AGM forms part of this annual report.

The Consolidated Accounts shall be submitted later

**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, as your Directors intend to do in respect of their beneficial shareholdings.

Yours truly,

Nitin Mandhana,  
Vice Chairman & Managing Director

## BOARD OF DIRECTORS

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

## COMPANY SECRETARY & COMPLIANCE OFFICER

Pradeep Kumar Totla

## AUDITORS

Suri & Co, Bangalore

## REGISTERED OFFICE

Survey No. 285, 37<sup>th</sup> KM Stone,  
Kasaba Hobli, Nelamangala – 562 123.

## CORPORATE OFFICE

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

## REGISTRAR & SHARE TRANSFER AGENT

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

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**11<sup>th</sup> Annual General Meeting on Tuesday, the 28<sup>th</sup> September, 2010 at 9 a.m**  
**at**  
**Registered Office of the Company**

Annual Report can be accessed at [www.indusfila.com](http://www.indusfila.com)

**NOTICE OF 11<sup>TH</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of Indus Fila Limited will be held at Survey No. 285, 37<sup>th</sup> KM Stone from Bangalore - Tumkur Road, Kasaba Hobli, T. Begur, Taluk Nelamangala – 562 123 on Tuesday, the 28<sup>th</sup> September, 2010 at 9 a.m. to transact the following business : -

**ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010, Profit and Loss Account for the year ended 31<sup>st</sup> March 2010 and the reports of Directors and Auditors thereon
2. To appoint a Director in place of Mr. Shashikant G. Mandhana, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. V. Balaji Bhat, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Suri & Co. Chartered Accountants as Auditors and to authorize Board of Directors of the Company to fix remuneration of the Statutory Auditors of the Company for the Financial Year 2010-11, as may be deemed fit by the Board.

**SPECIAL BUSINESS**

5. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and / or sanction of the appropriate authorities (hereinafter collectively referred to as “the appropriate authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission and / or sanction (hereinafter referred to as “the requisite approvals”), and which may be agreed to by the Board of Directors of the company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorized to create, offer, issue and allot 2971070 Equity Shares to the persons / entities in the promoter Group, under a preferential issue through offer letter and/ or circular and / or information memorandum and / or such other documents / writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion, provided that the price of the Equity Shares so issued shall not be less than Rs. 30.00 (including a premium of Rs. 20.00 per equity share of Rs. 10.00 each), being the price arrived at with respect to the Relevant Date i.e., 28<sup>th</sup> August, 2010 as prescribed under the SEBI ( Issue of Capital and Disclosure Requirements ) Regulations, 2009

RESOLVED FURTHER THAT the equity shares to be issued and allotted in terms of this resolution shall rank pari- passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient of the issue or allotment of the equity shares and listing thereof with the stock exchange (s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the equity shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or other wise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or the Chairman or any other Director(s) or Officer(s) of the Company to give effect to the aforesaid resolution.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Instruments of Proxy for the use at the above meeting must be lodged at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.
3. The Register of Members and Transfer Books of the Company will be closed from 27.09.2010 to 28.09.2010 (both days inclusive).
4. Please quote your folio number and our Company's name in all your correspondence with M/s.Link Intime Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078 who are our Registrar & Transfer Agents.
5. If you have shares registered in the same name or in the same order of the names but in several Folios, please let us know so that we may consolidate them into one Folio.
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 / Registrar & Transfer Agent in the prescribed form.
7. Brief resume of the director(s) seeking re-appointment and other details as stipulated under Clause 49 of the Listing Agreements are provided in the this report.
8. Explanatory Statement pursuant to the requirement of Section 173(2) of the Companies Act, 1956 for the special resolution to be passed is annexed hereto.

By Order of the Board,

Sd/-

Nitin N. Mandhana  
( Vice Chairman & Managing Director )

Place : Bangalore  
Date : 31.08.2010



### Item No. 5

#### 1. Object of the Preferential Issue :-

The objective of the issue is to provide long term funding for the ongoing business of the Company. The Promoter Group had advanced an amount of Rs. 13.79 Crs during 2006 as non interest bearing unsecured loan at the request of the Company so as to meet debt: equity ratio as stipulated by the lenders. The proposed issue of 2971070 equity shares @ Rs. 30.00 (including premium of Rs. 20.00 per share of the face value of Rs.10.00 each ) to the persons / entities in Promoter Group amounting to Rs 8.91 crs will be by way of conversion of part of the said unsecured loan as per details mentioned below into equity shares.

(Figures in Rs.)

Promoters /Promoter Group/ Persons	Unsecured loan as on 31.3.2010	Amount used for proposed preferential shares
NITIN N MANDHANA	51136095	48414000
SHASHIKANT MANDHANA	15646451	13827000
PRAKASH G MANDHANA	3772000	1971000
SAVITA N MANDHANA	1900000	1899900
SNEHA A MANDHANA	2817250	2700000
KAVITA S MANDHANA	20320439	20320200
<b>TOTAL</b>	<b>95592235</b>	<b>89132100</b>

#### 2. Intention of the Promoters / Promoter's Group to subscribe to the Equity Shares :-

As mentioned earlier, the Promoter Group had advanced an amount during 2006 as non interest bearing unsecured loan at the request of the Company so as to meet debt: equity ratio. As a part of conversion of the said unsecured loan into equity shares, the shares will be issued to such promoters who have contributed unsecured loans to the extent of their loan contribution on preferential allotment basis in terms of the SEBI ( Issue of Capital and Disclosure Requirements ) Regulations, 2009, including any statutory modification or reenactment thereof for the time being in force.

#### 3. Pricing of Equity Shares :-

The above Equity Shares will be issued and allotted at a price not less than the higher of the following in terms of the SEBI ( ICDR ) Regulations, 2009:-

- The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

The average price per share calculated in accordance with the Regulations works out to Rs. 26. 67 and Rs.28.73 respectively and the allotment will be made at Rs.30/- per share.

#### 4. Lock – in - period :-

The equity shares issued under the above Preferential Issue to the persons / entities in Promoter Group shall be locked – in for a period of three years from the date of allotment. However, the same may be transferred to and amongst Promoter(s) / Promoter group / new promoter(s) or persons in control of the Company, subject to continuation of lock – in the hands of transferee's for remaining period, in compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, if and to the extent applicable. Further, the entire pre-preferential shareholding of persons / entities in Promoter group shall be under lock in from the Relevant Date upto a period of six months from the date of preferential allotment.



Particulars of Subscribers in Promoter's :-

Sl. No.	Names of the Proposed Subscribers	Pre-Issue Holdings	% to equity Pre-Issue	No. of Equity Shares to be allotted	Post Issue Share - holding	Post Issue Share - holding %
1	Nitin N Mandhana	9,829	0.05	1,613,800	1,623,629	7.26
2	Shashikant Mandhana	1,562	0.01	460,900	462,462	2.07
3	Prakash Mandhana	1,563	0.01	65,700	67,263	0.30
4	Kavita Mandhana	10,108	0.05	677,340	687,448	3.07
5	Savita Mandhana	-	-	63,330	63,330	0.28
6	Sneha Mandhana	-	-	90,000	90,000	0.40
7	Narayandas C. Mandhana	8,000	0.04	-	8,000	0.04
	<b>TOTAL</b>	<b>31,062</b>	<b>0.16</b>	<b>2,971,070</b>	<b>3,002,132</b>	<b>13.43</b>

6. Proposed time within which the allotment shall be complete :-

The Company shall complete the allotment in terms of the Resolution set out in the accompanying notice on or before the expiry of 15 days from the date of passing of the Resolution. The calculation of 15 days shall be considered from the date of receipt of in principle approval of the Stock Exchange and approval from take over panel for Exemption under Regulation 11 of the SEBI ( Substantial Acquisition of Shares and Takeovers) Regulations, 1997, whichever is later.

A copy of the Auditors' Certificate certifying that the issue of the equity shares is being made in accordance with the requirements contained in the SEBI ( Issue of Capital & Disclosure Requirements) Regulations, 2009 will be available for inspection by the members of the Company at its Registered Office between 10. a.m. to 12.00 noon on any working day up to the date of the ensuing Annual General Meeting of the Company and will also be laid before the Annual General Meeting of the Company.

7. Shareholding Pattern :-

The Shareholding pattern giving present position as also considering allotment of equity shares as above is given below :-

	Name	Pre-Issue		Post-Issue	
		No. of shares	% of Shares Holdings	No. of Shares	% of Shares Holdings
1	Kamal Kishor Finvest Private Limited	6013657	31.02	6013657	26.90
2	Andrew Finvest Private Limited	2296563	11.85	2296563	10.27
3	Nitin N Mandhana	9829	0.05	1,623,629	7.26
4	Shashikant Mandhana	1562	0.01	462,462	2.07
5	Prakash Mandhana	1563	0.01	67,263	0.30
6	Kavita Mandhana	10108	0.05	687,448	3.07
7	Savita Mandhana	0	-	63,330	0.28
8	Sneha Mandhana	0	-	90,000	0.40
9	Narayandas C. Mandhana	8000	0.04	8,000	0.04
	<b>TOTAL</b>	<b>8341282</b>	<b>43.02</b>	<b>11312352</b>	<b>50.60</b>

Mr. Nitin Mandhana, Mr. Shashikant G. Mandhana and Mr. Prakash G. Mandhana, being Directors from Promoter Group, are interested in this resolution.

Your Directors recommend the resolution for your approval.

**REPORT OF BOARD OF DIRECTORS****DEAR SHAREHOLDERS,**

Your Directors are pleased to present the 11th Annual Report on the business and operations of the Company together with Audited Results for the financial year ended 31 March, 2010.

**FINANCIAL PERFORMANCE****(Rs. in Lacs)**

PARTICULARS	2009-2010	2008-2009
	(12 months)	(9 months)
TURNOVER	36400.10	32740.11
Profit/(Loss) before Interest & Depreciation	(76.96)	3220.98
Less: Interest	2375.74	2511.74
Less : Foreign exchange loss	1589.87	1110.08
Less : Depreciation	949.24	689.88
Net Profit/(Loss) after taxation	(3583.14)	(752.60)

Your Company recorded a total turnover of Rs. 36400.10 lacs for the 12 months period ending 31.3.2010 as compared to Rs. 32740.11 lacs for the 9 months period ending on 31.3.2009 during previous year.

Your Company confronted difficult market conditions during the financial year. Your Company reported loss during the current year on account of lower sales realization, increased cost of input, fuel, interest and finance charges etc of Rs 3583.14 lacs . The loss includes cost of currency hedging /fluctuations of Rs 1589.87 lacs. Your Company delivered good results even in difficult conditions. This is a result of its aggressive policy and successful efforts to increase production capacities which was supported by well managed logistics activities.

The Company has taken firm initiatives to strengthen its business model and save cost like consolidation of manufacturing facilities, restructuring of its debts under Corporate Debt Restructuring mechanism ,change in capex /expansion plan in line with critical need and using the IPO proceeds to meet the extended working capital cycle, change in product mix . With the economy recovery and the above measures the Directors of your Company are confident of better performance of your Company in future.

**DIVIDEND**

Since the Company has incurred loss, your directors recommend no dividend for the financial year 2009-10.

**DIRECTORS**

As on date, the Board comprises of five Directors namely, Mr. Gerhard Bornemann - Chairman and Non-Executive Director, Mr. Nitin N. Mandhana, Vice Chairman and Managing Director, Mr. Shashikant G. Mandhana, Whole Time Director, Mr. Prakash G. Mandhana, Whole Time Director and Mr. V. Balaji Bhat, Independent – Non Executive Director.

There were no changes in the Directors during the year.

**RE - APPOINTMENT**

Mr. Shashikant G. Mandhana and Mr. Balaji Bhat, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

None of these Directors are disqualified as per the provisions of Section 274 (1) (g) of the Companies Act, 1956, to be re-appointed as Directors of your Company.

**STATUTORY AUDITORS**

The present statutory auditors, M/s Suri & Co., Chartered Accountants, Bangalore, retire at the conclusion of the ensuing 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.

**MERGER**

Pursuant to the Order of the High Court of Karnataka dated. 06<sup>th</sup> February, 2010, Tulip Apparels Private limited has been amalgamated with your Company as per the Scheme of Merger approved by the Court. Accordingly, your Company shall issue and allot 3 equity shares of the face value of Rs.10/- each fully paid up for every 122 shares held by the shareholders of Tulip Apparels Private limited.

## AUDITORS' REPORT ON ACCOUNTS

The Auditors have made a specific observation in the Auditors' Report. The Board of Directors of your Company have given appropriate explanation to the Auditors' Observation in an Addendum set out as an Annexure to this Report.

## MANAGEMENT DISCUSSION & ANALYSIS

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

## DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to Sub-section 2AA of Section 217 of the Companies Act, 1956, in the preparation of the annual accounts, it is hereby confirmed that:

- (a) The applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had 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, 2010 and of the Company for the year ended on that date;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;

## PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)

Information as per Section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1988 is forming part of the Annexure to this report.

## 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 given in the Annexure attached hereto and forms part of this Report.

## SUBSIDIARY COMPANIES

Report of the subsidiary as required under Section 212 of the Companies Act, 1956 shall be circulated latter as the audited accounts of subsidiary company Indus Garment India (Private ) Limited as at 31<sup>st</sup> March 2009 and March 2010 are under finalization .

## 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.

## ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for assistance and co – operation received from the financial institutions, banks, Government Authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

Place: Bangalore  
Date: June 25, 2010

For and behalf of the Board of Directors  
Nitin N. Mandhana  
Vice Chairman & Managing Director  
Shashikant G. Mandhana  
Executive Director

**ADDENDUM TO THE DIRECTORS' REPORT  
( UNDER SECTION 217(3) OF THE COMPANIES ACT, 1956)**

**BOARD'S REPLY TO COMMENTS IN AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED  
31<sup>ST</sup> MARCH, 2010**

**REFERENCE TO NOTE NO. C 8 OF THE AUDITORS' REPORT**

The non classification of creditors into Micro, Small and Medium enterprises.

**BOARDS' REPLY:**

The company has no information as to whether a certain creditor is an SME or not. In the absence of such information, the company was not in a position to classify the dues to SME creditors separately. However, the Board of Directors have taken necessary steps to seek information from creditors as to their MSE status.

Place: Bangalore  
Date: June 25, 2010

For and behalf of the Board of Directors  
Nitin N. Mandhana  
Vice Chairman & Managing Director  
Shashikant G. Mandhana  
Executive Director

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 March 31, 2010.

## 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. Optimization of steam consumption and improvement in steam generation by performing convection section cleaning in furnaces at all the plants.
- II. Identification and replacement of faulty steam traps and minimization of steam leakages done at all the plants. 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

Form "A"

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

##### A. POWER AND FUEL CONSUMPTION

	2009-10 12 months	2008-09 9 months
<b>1.ELECTRICITY</b>		
<b>a. Purchased</b>		
Unit (KWH)	4339310.00	2694412.00
Total Amount (Rs. In Lacs)	27222242.00	12215455.00
Rate / Unit (Rs. / KWH)	6.27	4.54
<b>b. Own Generation</b>		
<b>(i) Through Diesel Generator</b>		
Unit (KWH)	717337.00	593146.00
Units per litre of Diesel Oil (KWH/Litres)	3.17	2.91
Cost / Unit (Rs. / KWH)	10.66	1.37
<b>(ii) Through Steam Turbine / Generator</b>		
Unit (KWH)	6392900.00	10191200.00
Units per metric tons of coal/fuel / gas /	641.24	673.30
Cost / Unit	7.74	8.20
<b>2. COAL</b>		
Quantity (tonnes)	9969.57	15136.29
Total Cost (Rs. in Lacs)	50406381.25	83580194.32
Average Rate	5056.02	5521.84
<b>3. FURNACE OIL</b>		
Quantity (K. Ltrs)	320.07	538.82
Total Cost (Rs. in Lacs)	90.99	157.01
Average rate	28428	29139

**CONSUMPTION PER UNIT OF PRODUCTION**

Class of products	UOM	Production (including outsourced / jobwork)		Electricity (units)		Electricity Consumption (KWH per unit of production)	
		09-10	08-09	09-10	08-09	09-10	08-09
Apparels	Pcs	1992826	2235491	1541466	1120560	1.29	1.99
Fabrics	Mtrs	29484266	26020973	9908081	13416390	2.98	1.94

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

**B. TECHNOLOGY ABSORPTION**

The Company is looking for new process designs and applications 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 Company maintains close contact and regularly interacts with its consultants, its associates, customers as well as suppliers of specialized equipments and machineries. The focus of the company will continue to remain on cost reduction and quality improvement.

**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. Rs.4773.67 Lakhs

Particulars	2009-10 (Rs. in Lacs)
Total Foreign Exchange used	271.11
Total Foreign Exchange earned	4773.67

The Company's major foreign exchange earnings and outgo are on account of export of garments.

**PARTICULARS OF EMPLOYEES :**

Statement showing the particulars for employees who are in receipt of remuneration of not less than Rs. 2400000/- p.a. during the financial year 2009-10 and not less than Rs. 200000/- per month during part of the financial year 2009-10 - NIL

### BUSINESS REVIEW

#### From Design to Delivery

Indus Fila Limited's ability to continuously deliver value to its stakeholders and build capabilities and capacities to foster growth in the long term is governed by its ability to:

- Strategically position itself to maximize opportunities in this environment
- Dedication in execution
- Understand the dynamics of the business environment

Your Company is constantly improving operations and innovating new products for better margins. During the year, Indus Fila Limited concentrated to optimized operations and costs at various plants either through substitution of products or improvement of existing process.

### INDIAN TEXTILE INDUSTRY

High Input Cost and Low Demand Hit the Indian Textile Industry

The Indian Textile Industry witnessed a recovery from the global economic slowdown with strong domestic consumption and renewed export demand. However strong domestic markets and timely government intervention helped the Indian Textile Industry to overcome the slowdown effect.

Indian textile industry is the most important sector in terms of foreign exchange earnings, employment and output. The sector is expected to generate 12 million new jobs by 2012. The sector targets US\$ 6 billion foreign direct investment (FDI) by 2015 to be invested in green field units in textiles machinery, fabric and garment manufacturing, as well as technical textiles.

The Indian textile and apparel industry is taking a new course by entering the Chinese market. Indian textiles and apparel exports, which is worth US\$ 22 billion, is expected to register a four-fold increase to touch US\$ 90 to 100 billion in the next 25 years.

### ECONOMIC SCENARIO

The global economic slowdown and the demand contraction and low consumer spending in the USA, the EC and Japan had decisively impacted the demand for imported textiles and clothing from, both the USA and the Europe. Due to reduced export demand from the USA and the EC countries, the textile industry in both India and China has been in slow off-take phase. The exports of apparel and textiles have gone down already by 10-11% w.r.t last years.

The government has taken various initiatives to increase the investments in the sector and to develop the textile industry on an overall basis. The initiatives range from providing financial support to companies to promoting exports and investments

The Indian Economy has been growing steadily in the range of 8 -9% in the recent past and is expected to maintain its status as one of the fastest growing economies in the world with long term GDP growth estimated to be around 9%.

### OPPORTUNITIES

Indus Fila Limited has a proven track record of preferred supplier with the domestic and international customers in terms of order execution, creating quality products etc . With the global economic recovery and lower international preference to competitive markets of China , Bangladesh, Sri Lanka and other neighboring countries we expect a greater business growth in coming times . Our expertise, experience, good quality and vertically integrated execution capabilities are factors that will help us leverage the opportunities that lie ahead.

### CHALLENGES, RISKS AND CONCERNS

With focus on exports into the US and European Markets, Indus Fila is aggressively implementing strategy to evolve into a Company with global scales.

Prices and margins of textile products are likely to be volatile due to demand concerns in the global markets and increase in yarn prices.

The Company competes worldwide on the basis of integrated operations, quality, price, and technology and customer service. Indus Fila's turnover includes exports and this gives rise to market risk exposure related to change in foreign exchange rates, interest rates and other market factors.



**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES**

The Company's organizational structure ,approval authority matrix and internal checks ensure efficiency of operations , compliance with internal policies as well as conservation of resources .The Company continuously upgrades these systems in line with the good available practices. The internal control system is supplemented by external concurrent audit appointed by the consortium banks for financial and performance monitoring .

**DISCUSSION ON FINANCIAL PERFORMANCE****A) INCOME:**

The Company recorded a total turnover of Rs. 36400.10 lacs for the 12 months period ending 31.3.2010 as compared to Rs. 32740.11 lacs for the 9 months period ending on 31.3.2009 during previous year.

**B) EBIDTA:**

The Company's EBIDTA stood at a loss of Rs. 76.96 lacs for the 12 months period ending 31.03.2010 as compared to Rs. 3220.98 lacs for the 9 months period ending on 31.3.2009 during previous year.

**C) PAT:**

The Company reported loss during the current year on account of lower sales realization, increased cost of input and fuel etc , of Rs . 3583.14 lacs .The loss includes cost of currency hedging /fluctuations of Rs. 1589.87 lacs.

**HUMAN RESOURCES(HR)**

People are valued assets and integral to Indus Fila's business strategy. The Company's vision is to build a flexible, agile and flat organization with a high performance culture, based on a philosophy that promotes respect for the individual, values diversity and fosters entrepreneurship. The Company has continued to lay emphasis on people development, especially identifying and nurturing leadership talent in the organization.

**MATERIAL DEVELOPMENTS IN OPERATIONS – CORPORATE DEBT RESTRUCTURING**

The last six quarters have been a tough time for the Company . The slowdown in the textile industry combined with strong fluctuations in the currency market has impacted our present and future liquidity position adversely.In effect, this has affected our capability to service the present and future debt obligations as per their present terms and conditions. Despite of our ongoing efforts to mitigate the present situation to increase our profits, we continued to face severe liquidity crunch from past 9 to 12 months and expect this to continue in the near to medium term. Hence, we proposed a comprehensive financial restructuring scheme under CDR mechanism that will enable us to reschedule our debt in line of our projected potential earnings.

The Banks and CDR cell has approved the package in line with the applicable guidelines and have permitted longer repayment schedule with additional moratorium, concessional interest rates, crystallization of forex hedge losses into long term loans . The relief has helped the Company for early rival and early growth pattern in coming times.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities law and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include supply and demand conditions, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

The Securities and Exchange Board of India (SEBI) regulates corporate governance practices of companies listed on the Indian Stock Exchanges. These regulations are notified under Clause 49 of the Listing Agreements of all the Stock Exchanges in the country. They specify the standards that Indian companies have to meet and the disclosures that they have to make, with regard to corporate governance. Indus Fila Limited has established systems and procedures to comply in letter and spirit with the provisions of Clause 49 of the Listing Agreement.

## 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 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 Directorship	No. of other Committee Membership#		No. of Shares held by Non Executive Directors
				Chairman	Member	
Mr. Gerhard Bornemann	Chairman	Non-Executive Independent	1	-	2	Nil
Mr. Nitin N. Mandhana	Vice Chairman Managing Director	Promoter, Executive, Non Independent	6	-	3	
Mr. Shashikant G.Mandhana	Whole - Time Director	Promoter, Executive, Non Independent	2	-	-	
Mr. Prakash G. G.Mandhana	Whole - Time Director	Promoter, Executive, Non Independent	3	-	-	
Mr. V. Balaji Bhat	Independent Director	Non-Executive, Independent	9	6	3	5000

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

None of the Directors on the Board is a member of more than 10 Committees, across all the companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

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

Name of the Director	Mr. Shashikant G. Mandhana	Mr. V. Balaji Bhat
Date of Birth	25.12.1958	19.06.1964
Date of Appointment	01.04.2006	11.04.2006
Expertise in specific functional areas	Operations & Marketing of Apparel Business	Finance
Qualification	B.Com	Chartered Accountant
Directorship held in other companies	02	08
Name of the Companies in which Directorship held	1. Andrew Finvest Private Limited 2. Vir Retail Private Limited,	1. Subex Limited 2. Subex Technologies Limited 3. Natural Capsules Limited 4. Yuken India Limited 5. Indus Age Advisors Private Limited 6. Primus Retail Private Limited 7. Primus Sports Private Limited 8. K. Mohan & Co (Exports) Private Limited
Committee positions held in companies	Nil	06

### IV. BOARD MEETINGS AND ANNUAL GENERAL MEETINGS

The Board of Directors met 4 (four) times during the year on 30.06.2009, 30.07.2009, 31.10.2009 and 29.01.2010.

Attendance at the board meeting and last annual general meeting

Name of the director	No. of BM Attended	Attendance at the last AGM
Mr. Nitin Mandhana	04	Yes
Mr. Shashikant Mandhana	04	Yes
Mr. V. Balaji Bhat	04	Yes
Mr. Prakash Mandhana	00	No
Mr. Gerhard Bornemann	00	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 31<sup>st</sup> March, 2010, 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	Nil
Mr. Nitin Mandhan	Member	Vice Chairman & Managing Director	4

Four (4) Audit Committee Meetings were held during the Financial Year ended 31<sup>st</sup> March, 2010. The dates on which the Audit Committee meetings were held are as follows: 30.06.2009, 30.07.2009, 31.10.2009 and 29.01.2010. 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 31<sup>st</sup> March, 2010, 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 2009-10.

The composition of remuneration committee as on 31.03.2010 is given below: There were no Remuneration Committee Meetings held during the financial year 2009-10.

The composition of remuneration committee as on 31.03.2010 is given below:

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

## DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE FINANCIAL YEAR 2009-10

a) Remuneration paid / payable to the executive directors for the financial year ended 31.03.2010 is given as under:

Name of the Director	Emoluments (Rs.)
Mr. Nitin Mandhan	Nil
Mr. Shashikant G. Mandhana	Nil
Mr. Prakash G. Mandhana	Nil

## 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 31<sup>st</sup> March, 2010. Further, No sitting fee is paid to any of the directors of the company.

## 5. SHAREHOLDER'S GRIEVANCES COMMITTEE

The Shareholder's Grievances Committee has been reconstituted on November 18, 2006

Terms of reference

Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non-receipt of balance sheet etc in particular.

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 31.03.2010 and the attendance of the members in the meeting held during the financial year 2009-10 are as follows

Name of Member	Designation	Category	No. of meetings attended
Mr. V. Balaji Bhat	Chairman	Independent, Non-executive Director	Nil
Mr. Nitin Mandhan	Member	Vice Chairman & Managing Director	1
Mr. Pradeep Totla	Member	Company Secretary & Compliance Officer	1

## STATUS OF INVESTORS' COMPLAINTS

The status of investor's complaints as on March, 31 2010 is as follows:

Number of Complaints received during the year	4
Number of Complaints resolved during the year	4
Number of Complaints pending as of March 31,2010	Nil

There were no outstanding complaints as on March 31, 2010.

**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
2006-07	28.09.2007	11.00 A.M	Registered Office
2007-08	27.12.2008	8.00 A.M	Registered Office
2008-09	31.12.2009	9.00 A.M	Registered Office

**B) POSTAL BALLOT:**

No special resolution was put through Postal Ballot for the year 2009 -2010 and nor is any resolution proposed for this year through Postal Ballot.

**C) SPECIAL RESOLUTION:**

No special resolutions were passed in the last three Annual General Meeting.

**7. DISCLOSURES****A) MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

There were no material significant related party transactions during the financial year 2009-10 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, subsidiary of Indus Fila Limited viz., 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 2009-10. 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**

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation on financial statements for the year 2009-10.

**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) PROCEEDS FROM PUBLIC ISSUE**

The proceeds of the Initial Public Offer (IPO) of the Company have been utilized as under as on March 31, 2010:  
Rs. in Lakhs

Margin for the expansion projects	:	858.23
Preliminary Share issue expenses	:	532.80
Investment in Subsidiary ( Indus Garments)	:	935.20
In Bank Escrow Account	:	1.64
Working Capital	:	5906.57

**Note on utilization of IPO proceeds**

In light of present economic scenario, the business dynamics require elongated working capital requirement on account of delayed debtors' receivable and hence the proceeds are used for working capital need to the tune of 62.89 crs. The essential and balancing investment and addition in the capacities are made.

The revised final plan visa viz the new plan are as under :

Paticulars	2009			2010
	Amount ( Rs. in Lakhs )			
	Prospectus	Revised	Present	Final
1. Part funding the capital expender for the Expansion Project				
- Weaving / Yarn Dyeing and Setting up of "Centre of Excellence"	7,471.71	2,108.00	725.00	718.81
- Processing	3,482.71	2,678.00	2,500.00	500.86
- Garmenting / Indus Garments	4,500.00	3,580.00	3,047.00	3,164.46
2. Working Capital requirement for the Expansion Project / Current	720.00	5,350.64	5,350.64	6,282.43
3. Pre-operative Expenses and Contingencies	450.00	450.00	179.00	
<b>Sub Total</b>	<b>16,624.42</b>	<b>14,166.64</b>	<b>11,801.64</b>	<b>10,666.56</b>
4. Issue Related Expenses#	495.02	532.80	532.80	532.80
<b>Total</b>	<b>17,119.44</b>	<b>14,699.44</b>	<b>12,334.44</b>	<b>11,199.36</b>

**MEANS OF FINANCE**

Paticulars	Amount ( Rs. in Lakhs )			
	Prospectus	Revised	Present	Final
Issue of Equity Shares	8,234.44	8,234.44	8,234.44	8,234.44
Rupee Term Loans	7,400.00	6,300.00	4,100.00	2,578.21
- Axis Bank & Karnataka Bank				
Internal Accruals	1,485.00	165.00		
<b>Total</b>	<b>17,119.44</b>	<b>14,699.44</b>	<b>12,334.44</b>	<b>11,199.36</b>

The Company is using the proceeds for growth capital by making strategic investments for expansion projects, using of operating lease for outsourcing & working capital.



## G) 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
TOTAL		NIL

## H) 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.

## I) 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 31.03.2010 :

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 local 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 : 28<sup>th</sup> September, 2010

Time : 9 a.m.

Venue: Registered Office

### B) FINANCIAL YEAR

The Financial Year commences from 1<sup>st</sup> April, 2009 till 31<sup>st</sup> March, 2010

### C) BOOK CLOSURE

The dates of the book closure are from 27.09.2010 to 28.09.2010 ( both days inclusive)

### D) DIVIDEND PAYMENT

No dividend has been declared for the financial year 2009 -2010

### 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 2009 -2010 on the Bombay Stock Exchange Limited:

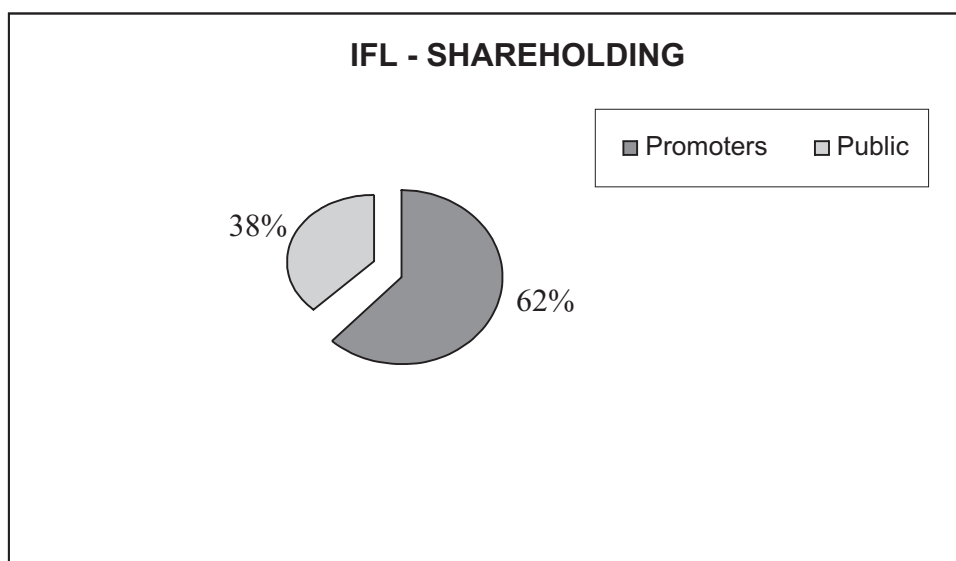
MONTH	INDUSFILA		BSE SENSEX	
	High	Low	High	Low
Apr-09	28.95	20.65	11,492.10	9,546.29
May-09	37.20	20.05	14,930.54	11,621.30
Jun-09	49.80	21.90	15,600.30	14,016.95
Jul-09	23.50	18.15	15,732.81	13,219.99
Aug-09	28.40	22.90	16,002.46	14,684.45
Sep-09	38.15	23.60	17,142.52	15,356.72
Oct-09	31.75	24.05	17,457.26	15,805.20
Nov-09	26.20	22.05	17,290.48	15,330.56
Dec-09	27.00	23.50	17,530.94	16,577.78
Jan-10	34.60	25.00	17,790.33	15,982.08
Feb-10	27.00	23.60	16,669.25	15,651.99
Mar-10	29.45	24.00	17,793.01	16,438.45

**H) DISTRIBUTION OF SHAREHOLDING**

1.The distribution of shareholding of the Company as on March 31, 2010 is as follows:

Srl No.	Shares Range		Shares	% To Capital	No. of Holders	% to Total Holders
	From	To				
1	1	500	500795	82.1220	3661	2.5847
2	501	1000	284873	7.9408	354	1.4703
3	1001	2000	255306	3.7012	165	1.3177
4	2001	3000	194700	1.6599	74	1.0049
5	3001	4000	133085	0.8300	37	0.6869
6	4001	5000	180818	0.8524	38	0.9332
7	5001	10000	394959	1.1664	52	2.0385
8	10001	*****	17430620	1.7272	77	89.9638
<b>TOTAL</b>			<b>19375156</b>	<b>100.0000</b>	<b>4458</b>	<b>100.0000</b>

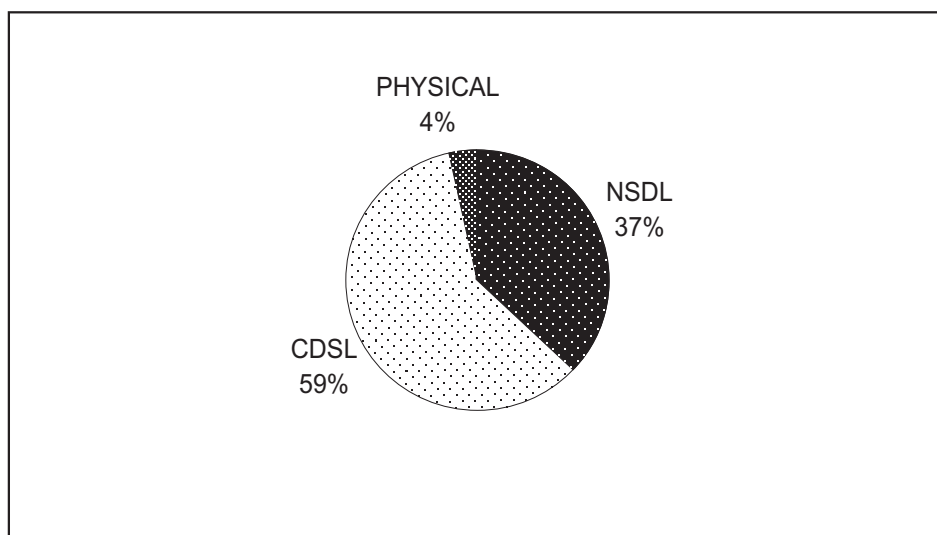
## 2.Shareholding pattern as on March 31, 2010



### I) DEMATERIALIZATION OF SHARES

The equity shares of the company are compulsorily traded in dematerialized form and is 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 March 31, 2010



### J) REGISTRAR AND SHARE TRANSFER AGENTS :

Link Intime India Pvt Ltd  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W), Mumbai – 400078  
Ph : 25963838 Fax : 25946969

**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**

- Nelamangala  
Survey No. 248, 284 & 285  
37th KM Stone, Kasaba Hobli,  
Nelamangala - 562 123.
- Nanjangud  
No. 243/1, to 358/3, Thoramavu & Immavu Village,  
Thandya Industrial Area, Kempa Siddana Hundi,  
Nanjangud, Dist Mysore - 571 302.
- Peenya  
No. 21-D-2, II Phase, Peenya Industrial Area,  
Bangalore - 560 058.

**N) ADDRESS FOR CORRESPONDENCE**

- Registered Office  
Survey No. 285, 37<sup>th</sup> KM Stone, Kasaba Hobli,  
Nelamangala – 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 : 25 June, 2010

For and behalf of the Board of Directors  
Sd/-  
Nitin N. Mandhana  
Vice Chairman & Managing Director

**Corporate Identification Number** : L17121KA1999PLC025320

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

**Paid-up Share Capital** : Rs.19,37,51,560/-

**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 31<sup>st</sup> March, 2010. 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

(a) all the mandatory conditions of the Clause 49 of the Listing Agreement except

- (i) Non-compliance of Clause 49(II)(B) in respect of lack of quorum of minimum of two independent directors present in the meetings of Audit Committee of the Board.

(b) The following non-mandatory requirements of the said Clause 49:

Company has moved to towards a regime of unqualified financial statements.

Date : Bangalore

Place : 25<sup>th</sup> June, 2010

For **KSR & Co.**,  
Company Secretaries

Sd/-  
**C.V.Madhusudhanan**  
Partner  
FCS:5367; CP:4408

**CERTIFICATE FROM CHIEF EXECUTIVE OFFICER**

I, Nitin 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 31st March 2010 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 violate 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.

Sd/-

Nitin N. Mandhana  
Vice Chairman & Managing Director

Place: Bangalore

Date: June 25, 2010

**AUDITORS' REPORT**

We have audited the attached Balance Sheet of M/S INDUS FILA LIMITED as at 31st March 2010 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted the audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the order to the extent applicable to this company. Further to our comments in the annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit.
- ii) 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.
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account maintained by the Company.
- iv) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.
- v) Based on the declarations furnished by the Directors, taken on record, none of the directors is disqualified to be appointed as director under section 274 (1)(g) of the Companies Act, 1956
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required subject to Note No 8 regarding the non classification of creditors into micro, small and medium enterprises and the consequent non disclosure under schedule VI of the companies Act, 1956 and MSMED Act 2006, 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 31st March 2010;
  - b. in the case of the Profit and Loss Account, of the LOSS for the year ended on that date; and
  - c. in the case of the Cash Flow Statement, of the Cash Flows for the year.

For SURI & CO.,

(S.SUNDARARAMAN)  
Membership no.28423  
PARTNER  
CHARTERED ACCOUNTANTS  
Firm Reg. No.004283s



**ANNEXURE TO AUDITORS' REPORT**

(Referred to in our report of even date on the Accounts of INDUS FILA LIMITED for the year ended 31<sup>st</sup> March 2010)

- 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. No material discrepancies were noticed on such verification.
  - c) The Company has not disposed off any major part of the assets during the year
- 2)
  - a) The inventory has been physically verified by the management under supervision by independent chartered accountants at the end of the year, except in respect of value of inventories, taken over from Tulip Apparels Private Limited consequent to the merger of the Company, which has been verified by the Company.
  - b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and are being adjusted in the books of account
  - d) The valuation of stocks is fair and proper and is in accordance with the generally accepted accounting principles.
- 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 Act.
  - b) The company has taken interest-free unsecured loans, from companies, firms or other parties aggregating to Rs 959.59 Lakhs (6 Parties) covered in the register maintained under Section 301 of the Act.
  - c) Being Interest free, the loans are prima-facie not prejudicial to the interest of the company.
  - d) The company is regular in the repayment of the principal amount and interest as per terms, wherever 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 of the items purchased, sold or services availed are of special nature for which comparable alternative prices 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 year have been made at prices which are considered reasonable.
- 6) The Company had not taken any deposits within the meaning of Section 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 slight 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 31st March 2010 for a period of more than six months from the dates they became payable except for the following:

Nature of Dues	Amount Outstanding	Period of Outstanding
Income Tax	Rs. 3,77,87,852	A. Y 2008-09
Fringe Benefit Tax	Rs. 72,854	A. Y 2008-09
Dividend Distribution Tax	Rs. 16,46,404	A. Y 2008-09
Tax Deducted at Source	Rs. 50,71,827	A. Y 2008-09

- 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 Income Tax payable Rs.12,76,668/- pertaining to Assessment Year 2006-07, for which appeal is pending before the Commissioner of Income Tax (Appeals).
- 10) The accumulated losses of the company as on 31st March 2010 does not exceed 50 percent of its net worth. The Company has incurred Cash Losses during the financial year covered by our audit and the immediately preceding financial year.
- 11) During the year, the Company's Loans from Banks were subject to Corporate Debt Restructuring, as a part of which, the bank allowed "Holding on Operations". The dues of interest and principal during the period have also been restructured.
- 12) The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and investments.
- 13) The Company has given guarantees for loans from banks taken by subsidiary company/firms, who are engaged in or job works and the terms and conditions of such guarantees in our opinion are not prejudicial to the interest of the company.
- 14) In our opinion, the term loans have been applied for the purposes for which they were raised.
- 15) 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 applied short term funds for long term purposes.
- 16) According to the information and explanations given to us, the company has not during the year, made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 17) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- 18) The end use of funds raised by public issues have been discussed as Note No. C4 in the financial statements which have been verified by us.
- 19) 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.

For SURI & CO.,

(S.SUNDARARAMAN)

Membership no.28423

PARTNER

CHARTERED ACCOUNTANTS

Firm Reg. No.004283s

BANGALORE  
25-06-2010

**BALANCE SHEET AS AT 31ST MARCH 2010**

	SCHEDULES	31.03.2010 Rs.	31.03.2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	18 99 89 470	18 99 89 470
Reserves and Surplus	2	87 72 60 000	102 76 57 123
		<b>106 72 49 470</b>	<b>121 76 46 593</b>
<b>Loan Funds</b>			
Secured Loans	3	257 42 34 317	235 91 42 389
Unsecured Loans	4	12 52 35 638	35 48 00 569
		<b>269 94 69 955</b>	<b>271 39 42 958</b>
<b>TOTAL</b>		<b>376 67 19 425</b>	<b>393 15 89 551</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	6		
Gross Block		180 42 61 537	180 12 52 011
Less: Depreciation		37 33 29 653	27 88 53 481
		<b>143 09 31 884</b>	<b>152 23 98 530</b>
Add: Capital Work in Progress		6 02 13 199	5 89 92 355
Net Block		<b>149 11 45 083</b>	<b>158 13 90 885</b>
<b>Investments</b>	7	9 89 30 610	9 35 30 610
<b>Deferred Tax Assets</b>	5	1 46 15 700	(12 77 48 300)
<b>Current Assets, Loans and Advances</b>			
Inventories	8	75 07 39 941	107 98 13 230
Sundry Debtors	9	185 41 89 837	161 09 92 725
Cash and Bank Balances	10	2 11 14 854	2 28 66 927
Loans and Advances	11	17 58 41 462	35 84 81 184
		<b>280 18 86 095</b>	<b>307 21 54 066</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	12	78 53 43 253	56 37 42 298
Provisions	13	6 24 31 307	12 39 95 412
		<b>84 77 74 560</b>	<b>68 77 37 710</b>
<b>Net Current Assets</b>		<b>195 41 11 535</b>	<b>238 44 16 356</b>
<b>Miscellaneous Expenditure</b>		-	-
<b>Debit Balance in Profit &amp; Loss Account</b>		20 79 16 496	
<b>TOTAL</b>		<b>376 67 19 425</b>	<b>393 15 89 551</b>

**Notes to Accounts** 19

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet

For and on behalf of the Board of Directors

Place: Bangalore

Date: 25.06.2010

(Nitin N Mandhana)  
Vice Chairman & Managing Director

(V. Balaji Bhat)  
Director

Vide our report of even date attached  
For SURI & CO.,

(S.Sundararaman)  
Partner  
Chartered Accountants  
Membership No. 28423

(Pradeep Totla)  
Company Secretary & Compliance Officer

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010**

	SCHEDULES	31.03.2010 Rs.	31.03.2009 Rs.
<b>INCOME</b>			
Turnover		364 00 10 157	327 40 11 380
Export Incentive		3 78 85 674	5 21 03 342
Increase/(Decrease) in Stock	14	(23 43 36 900)	(7 01 17 931)
Other Income	15	1 96 04 447	1 33 36 119
<b>TOTAL</b>		<b>346 31 63 378</b>	<b>326 93 32 910</b>
<b>EXPENDITURE</b>			
Input Cost	16	334 20 48 650	280 11 32 770
Administrative and Selling Cost	17	12 88 10 330	14 61 02 234
		<b>347 08 58 980</b>	<b>294 72 35 004</b>
<b>Earnings Before Interest, Depreciation and Tax</b>		<b>( 76 95 602 )</b>	<b>32 20 97 905</b>
Depreciation	6	9 49 24 008	6 89 87 786
<b>Earnings Before Interest and Tax</b>		<b>( 10 26 19 610 )</b>	<b>25 31 10 119</b>
Interest and Other Finance Cost	18	23 75 74 454	25 11 74 093
Foreign Exchange Loss ( Gain )		15 89 87 174	11 10 08 195
<b>Earnings Before Tax</b>		<b>( 49 91 81 238 )</b>	<b>( 10 90 72 169 )</b>
Provision for Taxation			
Current			
Fringe Benefit		16 708	14 35 022
		<b>16 708</b>	<b>14 35 022</b>
<b>Earnings after Current tax</b>		<b>(49 91 97 947)</b>	<b>(11 05 07 191)</b>
Deferred		<b>(14 23 64 000)</b>	<b>40 00 000</b>
Earlier year taxes(net)		14 79 671	( 3 92 47 604 )
<b>Earnings after deferred and earlier years tax</b>		<b>( 35 83 13 618 )</b>	<b>( 7 52 59 587 )</b>
Add: Balance Brought Forward from earlier year		13 53 97 122	19 93 22 974
		<b>(22 29 16 496)</b>	<b>12 40 63 387</b>
<b>Less: Appropriations</b>			
Proposed Dividend			-
Tax on Dividend			-
Dividend & Dividend Tax of earlier year			( 1 13 33 735 )
Withdrawal from General reserve		(1 50 00 000)	-
<b>Balance Carried to Balance Sheet</b>		<b>( 20 79 16 496 )</b>	<b>13 53 97 122</b>
		<b>(22 29 16 496)</b>	<b>12 40 63 387</b>
<b>Earnings per Share ( Not annualized )</b>			
<b>Basic &amp; Diluted</b>		<b>(18.48)</b>	<b>(3.88)</b>
Number of Shares used in computing Earnings per share		<b>1 93 87 447</b>	<b>1 93 87 447</b>

**Notes to Accounts**
**19**

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account

For and on behalf of the Board of Directors

Place: Bangalore

Date : 25.06.2010

(Nitin N Mandhana)  
Vice Chairman & Managing Director

(V. Balaji Bhat)  
Director

Vide our report of even date attached  
For SURI & CO.,

(S.Sundararaman)  
Partner  
Chartered Accountants  
Membership No. 28423

(Pradeep Totla)  
Company Secretary & Compliance Officer

**SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2010**

	<u>Consolidated</u> 31.03.2010	31.03.2009 Rs.
<b><u>SCHEDULE 1</u></b>		
<b><u>Share Capital</u></b>		
Authorised		
4,00,00,000 Equity Shares of Rs.10/ each	<b>41 00 00 000</b>	<b>40 00 00 000</b>
Issued, Subscribed and Paid-up		
1,93,75,156 Shares of Rs. 10/- each full paid	19 37 51 560	19 37 51 560
(Of the above 78,27,750 shares are allotted as fully paid - up by way of bonus shares by capitalization of Reserves & Surplus)		
Less: Amount recoverable from ESOP Trust	38 85 000	38 85 000
(Face value of 4,56,000 shares allotted to the Trust)	<u>18 98 66 560</u>	<u>18 98 66 560</u>
Share Capital Suspence	1 22 910	1 22 910
	<b><u>18 99 89 470</u></b>	<b><u>18 99 89 470</u></b>
<b><u>SCHEDULE 2</u></b>		
<b><u>Reserves and Surplus</u></b>		
<b><u>Securities Premium Account (A)</u></b>		
Balance as per last Balance Sheet	87 23 84 410	87 23 84 410
<b><u>General Reserve:(B)</u></b>		
Balance as per last Balance Sheet	1 50 00 000	1 50 00 000
Less : Adjusted as per contra	<u>( 1 50 00 000 )</u>	
Amalgamation Reserve	48 75 590	48 75 590
Balance in profit & Loss A/C		13 53 97 122
<b>TOTAL (A+B)</b>	<b><u>87 72 60 000</u></b>	<b><u>102 76 57 123</u></b>
<b><u>SCHEDULE 3</u></b>		
<b><u>Secured Loans</u></b>		
<b><u>Loans and Advances from Banks</u></b>		
Term Loans	134 31 07 955	108 41 87 123
Cash Credit and other working capital facility	123 06 78 238	127 29 34 240
Vehicle loans from Banks	4 48 124	20 21 027
	<b><u>257 42 34 317</u></b>	<b><u>235 91 42 389</u></b>
<b><u>SCHEDULE 4</u></b>		
<b><u>Unsecured Loans - From Promoters &amp; Associates:</u></b>		
Inter-Corporate Deposit	2 92 75 969	22 21 04 132
Trade Advances		4 10 61 437
From Directors & Associates	9 59 59 669	9 16 35 000
	<b><u>12 52 35 638</u></b>	<b><u>35 48 00 569</u></b>
<b><u>SCHEDULE 5</u></b>		
<b><u>Deferred Tax Assets (net)</u></b>		
<b><u>Deferred Tax Liabilities</u></b>		
Difference due to Depreciation	18 69 34 300	17 79 34 300
<b><u>Deferred Tax Assets</u></b>		
Towards Business Lossess & Employee Benefits	20 15 50 000	5 01 86 000
<b>Net Deferred Tax Assets</b>	<b><u>1 46 15 700</u></b>	<b><u>(12 77 48 300)</u></b>

**SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010****SCHEDULE 6  
FIXED ASSETS**

(Figures in Rs.)

Sl No.	Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		Balance As on 01.04.09	Additions during the Year	Sales/withdrawal during the Year	Balance As on 31.03.2010	Upto 01.04.2009	for the Year	Depreciation withdrawn Sales	Total	Balance As on 31.03.2010	Balance As on 31.03.2009
1	Land	4 02 63 930			4 02 63 930					4 02 63 930	4 02 63 930
2	Furniture & Fixtures	3 51 43 939	5 20 106		3 56 64 045	61 06 408	21 13 639		82 20 047	2 74 43 998	2 90 37 531
3	Motor Vehicles	2 34 72 593			2 34 72 593	70 76 598	23 11 901		93 88 499	1 40 84 094	1 63 95 995
4	Building	35 53 25 310	3 48 736		35 56 74 046	5 96 77 134	1 89 24 740		7 86 01 874	27 70 72 172	29 56 48 176
5	Plant & Machinery	133 36 70 499	32 49 363	14 05 312	133 55 14 550	20 00 39 218	6 93 90 105	4 47 836	26 89 81 487	106 65 33 063	113 36 31 281
6	Canteen Equipments	1 43 642			1 43 642	54 663	9 093		63 756	79 886	88 979
7	Computer System	1 32 32 097	2 96 634		1 35 28 731	58 99 460	21 74 530		80 73 990	54 54 741	73 32 637
	Total	180 12 52 011	44 14 839	14 05 312	180 42 61 537	27 88 53 481	9 49 24 008	4 47 836	37 33 29 653	143 09 31 884	152 23 98 530
8	Capital Work-In-Progress	5 89 92 355	12 20 844		6 02 13 199					6 02 13 199	5 89 92 355
		186 02 44 366	56 35 682	14 05 312	186 44 74 736	27 88 53 481	9 49 24 008	4 47 836	37 33 29 653	149 11 45 083	158 13 90 885
	(Previous Year)	(181 05 34 096)	(14 39 76 122)	(9 42 65 853)	(1 86 02 44 366)	(20 98 69 425)	(6 89 87 785)	(3 729)	(27 88 53 481)	(1 58 13 90 884)	(1 60 15 14 793)

## SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2010

	<b>Consolidated</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>
		<b>Rs.</b>
<b><u>SCHEDULE 7</u></b>		
<b><u>Investments</u></b>		
<b><u>Long Term-Trade</u></b>		
In Government Securities-		
National Savings Certificate	10 200	10 200
In Shares of Companies (Under formation)-		
Indus Marketing GMBH & Co	14 05 750	
Less: Provision for diminution in Value of Investments	<u>14 05 750</u>	
Investments in Subsidiary		
Fully Paid up Equity Shares (unquoted)		
Investments in Indus Garments (India) Pvt Ltd.	9 89 20 410	9 35 20 410
(1,00,980 shares of Face Value of Rs. 100/- each, fully paid up)		
	<b><u>9 89 30 610</u></b>	<b><u>9 35 30 610</u></b>
<b><u>SCHEDULE 8</u></b>		
<b><u>Inventories</u></b> (As certified by the Management)		
Stores and spares	42 32 531	48 15 333
Raw material and Consumables	24 58 03 780	31 08 08 787
Work-in-Progress	21 84 25 911	27 46 43 029
Finished Goods	28 22 77 720	48 95 46 081
	<b><u>75 07 39 941</u></b>	<b><u>107 98 13 230</u></b>
<b><u>SCHEDULE 9</u></b>		
<b><u>Sundry Debtors - Unsecured</u></b>		
<b><u>Considered Good</u></b>		
Debts outstanding for a period exceeding six months	56 04 85 786	67 55 26 772
Other Debts	129 37 04 051	93 54 65 953
<b><u>Considered Doubtful</u></b>		
Debts outstanding for a period exceeding six months	28 23 053	37 49 240
Less: Provision	<u>( 28 23 053 )</u>	<u>( 37 49 240 )</u>
	<b><u>185 41 89 837</u></b>	<b><u>161 09 92 725</u></b>
<b><u>SCHEDULE 10</u></b>		
<b><u>Cash and Bank Balances</u></b>		
Cash .	50 13 834	14 25 418
Balances with Scheduled Banks		
In Current Accounts	45 94 530	78 61 447
In Deposit Accounts	1 15 06 490	1 35 80 062
	<b><u>2 11 14 854</u></b>	<b><u>2 28 66 927</u></b>
<b><u>SCHEDULE 11</u></b>		
<b><u>Loans and Advances - Unsecured</u></b>		
<b><u>Considered Good</u></b>		
Advances recoverable in Cash or kind or for value to be received in the course of business	9 27 29 939	19 49 37 004
Inter-Corporate Deposits		1 35 00 000
Deposits	3 36 02 888	4 31 02 402
Tax payments pending adjustments	4 94 77 697	10 69 41 778
Others	30 937	
<b><u>Considered Doubtful</u></b>	1 47 86 800	1 47 86 779
Less: Provision	<u>( 1 47 86 800 )</u>	<u>( 1 47 86 779 )</u>
	<b><u>17 58 41 462</u></b>	<b><u>35 84 81 184</u></b>



**SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2010**
**Consolidated**
**31.03.2010**
**31.03.2009  
Rs.**
**SCHEDULE 12**
**Current Liabilities**
**Sundry Creditors**

For Capital Goods	2 10 69 108	2 17 68 132
For Others	74 76 18 441	50 96 97 928
Advance from Customers	11 08 589	2 51 99 110
Provision for Gratuity	1 48 95 847	64 36 088
Un-claimed Dividend*	22 994	1 64 707
Due to Directors	6 28 275	4 76 334
Dues to Micro, Small & Medium Enterprises	Nil	
Interest paid/payable to Micro, Small & Medium Enterprises	Nil	

(Refer Note No. B.8 pf Schedule 19)

**78 53 43 253    56 37 42 298**
**SCHEDULE 13**
**Provisions**

(Figures in Rs.)

Description	Balance as at 01.04.1009	Additions during the year	Amounts used during the year	Unused amounts reversed during the year	Balance as at 31.03.2010
Provision for Income Tax	11 84 17 073		5 91 32 702	10 18 995	5 82 65 376
Provision for FBT	39 31 935			14 12 408	25 19 527
Proposed Dividend					
Dividend Tax Payable	16 46 404				16 46 404
	12 39 95 412		5 9132 702	24 31 403	6 24 31 307
	21 74 11 955	14 94 266	4 35 77 074	5 13 33 735	12 39 95 412

**SCHEDULE 14**
**Increase in Stock**

Finished Goods	21 43 63 881	39 24 83 663
Closing Stock	39 24 83 663	48 01 71 825
Opening Stock		

**( 17 81 19 782 ) ( 8 76 88 162 )**

Work-in-Progress		
Closing Stock	21 84 25 911	27 46 43 029
Opening Stock	27 46 43 029	25 70 72 798

**( 5 62 17 118 ) ( 1 75 70 231 )**
**( 23 43 36 900 ) ( 7 01 17 931 )**
**SCHEDULE 15**
**Other Income**

Dividend Income		
Interest Received	1 02 07 655	94 71 348
Profit Received		
Miscellaneous Income	93 96 792	38 64 770
	<b>1 96 04 447</b>	<b>1 33 36 119</b>

**SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2010**

	<b>Consolidated</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>
		<b>Rs.</b>
<b>SCHEDULE 16</b>		
<b>Input Cost</b>		
<b>A Material Consumed</b>		
Opening Stock	40 78 71 205	39 88 13 687
Add: Purchases	271 69 57 608	228 30 06 683
Carriage Inwards and other expenses	1 29 36 526	1 10 27 589
	<hr/>	<hr/>
	313 77 65 339	269 28 47 960
Less: Closing Stock	31 37 17 619	40 78 71 205
	<hr/>	<hr/>
	<b>282 40 47 720</b>	<b>228 49 76 755</b>
<b>B Manufacturing Expenses</b>		
Stores, Spares and Consumables		
Opening Stock	48 15 333	69 00 428
Add : Purchases	1 31 41 297	1 21 11 594
Less : Closing Stock	42 32 531	48 15 333
	<hr/>	<hr/>
Stores, Spares and Consumables Consumed	1 37 24 100	1 41 96 689
Packing Materials Consumed	1 60 96 358	3 40 93 485
Power and fuel	10 14 37 261	12 93 77 977
Job Work Charges paid	5 54 92 628	6 70 73 386
Repairs and Maintenance		
Building	7 47 002	10 28 223
Machinery	1 02 42 881	91 02 522
Others	71 21 972	79 39 717
	<hr/>	<hr/>
	<b>20 48 62 202</b>	<b>26 28 11 999</b>
<b>C Personnel Expenses</b>		
Salaries and Wages	25 92 51 922	21 38 33 089
Contribution to Provident and other Funds	2 97 86 099	2 25 99 816
Gratuity Expenses	86 28 969	26 03 070
Welfare Expenses	1 54 71 737	1 43 08 041
	<hr/>	<hr/>
	<b>31 31 38 727</b>	<b>280 11 32 770</b>
<b>TOTAL(A+B+C)</b>	<hr/>	<hr/>
	<b>334 20 48 650</b>	<b>280 11 32 770</b>
<b>SCHEDULE 17</b>		
<b>Administrative and Selling Cost</b>		
<b>A Administrative Cost</b>		
Insurance	33 81 456	23 92 720
Rent	2 79 66 995	3 00 28 364
Donation	1 06 164	1 53 502
Rates and Taxes	35 49 760	56 31 860
Travelling and Conveyance	1 18 86 325	1 03 12 423
Communication Costs	82 17 728	69 76 978
Printing and Stationery	26 34 962	25 01 891
Legal and Professional Fees	2 33 76 769	1 15 38 606
Guest House Maintenance	1 75 285	1 74 058
Loss on sale of asset	3 02 474	
Auditor's Remuneration		
For Audit	4 11 030	4 45 291
For Tax Audit	1 50 000	1 50 000
For Tax Representation & Certification	2 73 540	93 260
For Service Tax & Expenses	64 375	51 500
Claims & Bad Debts	48 46 546	69 07 474
Loss on diminution in value of Investment		
Security Charges	62 77 753	46 03 859
Loss on sale of futures/Securities		8 66 878
General & Miscellaneous Expenses	43 12 037	31 55 101
Prior Year expenditure (Net)	( 1 28 208 )	( 4 44 849 )
	<hr/>	<hr/>
	<b>9 78 04 989</b>	<b>8 55 38 915</b>

## SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2010

	<b>Consolidated</b>	
	<b>31.03.2010</b>	<b>31.03.2009 Rs.</b>
<b>B Selling Cost</b>		
Freight and Forwarding Expenses	1 49 46 643	3 71 32 343
Advertisement and Sales Promotion Expenses	6 42 750	4 79 272
Brokerage and Selling Commission	34 41 428	83 01 871
Discount Allowed	86 89 126	1 05 02 204
Sampling and Inspection	32 85 393	41 47 629
<b>TOTAL(A+B)</b>	<b>3 10 05 340</b>	<b>6 05 63 319</b>
	<b>12 88 10 329</b>	<b>14 61 02 234</b>

### Schedule 18

#### **Finance Cost**

Interest on Term Loans	10 55 53 869	10 26 85 438
Interest on Other Loans	12 62 55 207	14 02 40 360
Finance Charges on HP	6 90 329	1 97 683
Bank Charges	1 94 47 771	1 33 13 745
	25 19 47 175	25 64 37 226
Less : Textile Upgradation Fund Subsidy	1 43 72 721	52 63 133
	<b>23 75 74 454</b>	<b>25 11 74 093</b>

**SCHEDULE - 19**  
**Notes to Accounts**

**A. GENERAL**

Pursuant to the order of the High court of Karnataka in CP No 97 of 2009 dated 06-02-2010, M/s Tulip Apparels Private Ltd has been amalgamated with M/s Indus Fila Ltd as per the scheme of amalgamation approved by the court. The salient features of the scheme:

1. The scheme takes effect from 31.03.2008;
2. All the Assets and Liabilities of M/s Tulip Apparels Pvt Ltd and any accretions, additions or deletions thereto after the appointed date (31.03.2008) shall vest with M/s Indus Fila Ltd, so as to become as and from that date assets and liabilities of Indus Fila Ltd;
3. M/s Indus Fila Ltd shall issue and allot 3 Equity shares of the face value of Rs 10/- each fully paid up, for every 122 shares held in M/s Tulip Apparels Pvt Ltd;

Accordingly the Accounts for the years ended 30.06.2008 and 31.03.2009 are revised to incorporate therein the effects of the order of the court. All assets and liabilities as on 31.03.2008 of M/s Tulip Apparels Pvt Ltd are added to the respective heads of the assets and liabilities as the case may be. The cumulative balance in Profit and loss Account as on 31.03.2008, being loss has been deducted from the opening balance of Profit and Loss Account. The Net surplus of assets over the value of liabilities after deducting the face value of shares allotted has been credited to Amalgamation Reserve. Share Capital suspense under Share Capital represent the face value of such un-allotted shares;

The operating results of Tulip Apparels Pvt Ltd after the said appointed date (31.03.2008) have been incorporated under their natural heads of account and the previous years figures are restated accordingly;

**B. 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. Any revision to accounting estimates is recognized prospectively.

**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 applicable duties and taxes 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 at the point of despatch 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 year 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

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.

## 9. TAXES ON INCOME

- Taxes on income for the current year are determined on the basis of taxable income and after considering the various deductions available under the Income-tax Act, 1961
- Deferred Tax Liability/asset resulting from timing differences between book profits and income for tax purposes is accounted for at the appropriate rate of tax. 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 cashflows discounted at company's pre-tax borrowing rates.

## C. OTHER NOTES

- The Company has availed Debt Restructuring under the Corporate Debt Restructuring mechanism. Consequential adjustments for accounting of interest concession, funding interest etc. Have been made in the current year. A sum of Rs. 93,17,349 being interest concession relating to earlier years has been credited to other Income.
- Estimated amounts of contracts remaining to be executed on capital account not provided for Rs 1872.72 Lakhs (Previous year- Rs.1904.93 Lakhs).
- Contingent Liabilities
  - Bank Guarantee towards customs duty concession - Rs.141.36 Lakhs (Rs. 88.41 Lakhs);
  - Disputed Income tax demands not provided for-Rs...NIL.....(NIL);
  - Corporate Guarantee given on behalf of other companies/subsidiary /firms/individuals - Rs.2848 Lakhs (Rs.2848 Lakhs);
- The Company had raised Rs. 82,34,44,130/- through Initial Public Offer of 48,43,789 Equity Shares of Rs.10/- each at a premium of Rs. 160/- per share. The Utilization is as follows :
 

Margin for the expansion projects	858.23
Preliminary Share issue expenses	532.80
Investment in Subsidiary (Indus Garments)	989.20
Working Capital	5854.21
- Unsecured loans represents amount brought in by promoters in pursuance of stipulations by financial institutions for margin requirements and these do not carry any interest.
- In the opinion of the Management, the intrinsic value of the investment in subsidiary considering its controlling interest would be not less than the cost and hence there is no diminution.

7. Directors' Remuneration included in Administrative Expenses:

	31.03.10 (In Rs.)	31.03.09 (In Rs.)
Salary & Allowances	Nil	32 49 000
Other Perquisites (Housing, Medical & Other Reimbursements)	Nil	6 49 800
<b>TOTAL</b>	<b>Nil</b>	<b>38 98 800</b>

(Note : No remuneration is paid to the managerial personnel as no fresh resolution stipulating minimum remuneration has been passed.).

8. 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.

9. 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>a. Defined Benefit Plan:</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>30.06.2008</b>
Change in present Value of Obligation	64 36 088	37 82 305	37 82 305
Present value of obligation as on 01.07.2008	5 10 293	2 64 761	2 64 761
Interest Cost	20 82 796	26 60 768	26 60 768
Current Service Costs	(1 69 210)		
Benefits Paid	(2 30 998)	(2 71 746)	(2 71 746)
Actuarial Loss/(Gain) on obligation			
Present value of obligation as on 31.03.2009	86 28 969	64 36 088	64 36 088
<b>b. Defined Benefit Plan:</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>30.06.2008</b>
Change in the Fair value of Plan Assets			
Fair Value of Plan Assets as on 01.07.2008	0	0	0
Contributions by employer	0	0	0
Expected Return on Plan Assets	0	0	0
Benefits Paid	0	0	0
Actuarial (Loss)/Gain on Plan Assets	0	0	0
Fair Value of Plan Assets as on 31.03.2009	0	0	0
Total actuarial Loss/(Gain) to be accounted	(2 30 998)	(2 71 746)	(1 39 936)
<b>c. Actual Return on Plan Assets</b>			
Expected Return on Plan Assets			
Actuarial (Loss)/Gain on Plan Assets	0	0	0
Actual Return on Plan Assets			
<b>d. Amount recognized in the Balance Sheet</b>			
(Asset)/Liability as at 31.03.2009	86 28 969	64 36 088	18 98 004
Fair Value of Plan Assets as at 31.03.2009	86 28 969	64 36 088	18 98 004
Difference	0		
Unrecognized past service cost	86 28 969	64 36 088	18 98 004
(Asset)/Liability recognized in the Balance Sheet			
<b>e. Income)/Expenses recognized in the Profit &amp; Loss Statement:</b>			
Current service cost	20 82 796	26 60 768	5 32 673
Interest cost on benefit obligation	5 10 293	2 64 761	1 13 821
Expected Return on Plan Assets	( 4 00 208)	(2 71 746)	(1 39 936)
Net actuarial (gain)/Loss in the period	21 92 881	26 53 783	5 06 558
Net (benefit)/expense			
<b>f. Movement in net liability recognized in Balance Sheet</b>			
Opening Net Liability	64 36 088	37 82 305	14 54 081
Expenses as above (Expense recognized in P&L)	21 92 881	26 53 783	5 06 558
Employers Contribution	0	0	(62 635)
Asset)/Liability recognized in the Balance Sheet	86 28 969	64 36 088	18 98 004

**g. Principal actuarial assumptions as at Balance Sheet**

Date:

Discount rate: 8% 8% 8%

(The rate of discount is considered based on market yield on Government Bonds)

Expected rate of return on Plan Assets 8% 8% 8%

(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% 6%

The disclosure of present value of defined benefit obligation, the fair value of plan are furnished for financial years commencing 31.03.2009 in the absence of such information in relating to Amalgamating Company M/s. Tulip Apparels Pvt Ltd for the years prior to that. The non disclosure of such information for periods prior to that date has no financial impact.

10. 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

11. The company operates in one segment, viz., Textiles

12. Operating Lease:

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

	31.03.2010	31.03.2009
Within one year of the balance sheet date	2 57 69 124	1 92 91 285
Due in a period between one year and five years	10 24 26 660	7 31 41 865
Due after 5 years	2 04 85 332	5 11 88 204

13. 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

b) The company had in the earlier years pursuant to the scheme of amalgamation filed with the honorable high court of Karnataka, claimed set off of carried forward losses of the amalgamating company. The assessing officer had made additions/disallowances for which the company has filed an appeal. Pending disposal of appeal, no provision for Tax amounting to Rs 74,43,386/- has been made.

The company has not provided undisputed Tax dues for Rs.27,21,631 in Indus Fila Limited and for Rs.47,21,755 in Tulip Apparels Pvt Ltd

14. Particulars Required under the provisions of para 4C and 4D of the Schedule VI to the Companies Act, 1956

**1 Licensed, Installed Capacity & Production:**

Installed Capacity (Per Annum)	Units	31.03.2010	31.03.2009
Weaving Division	No. of Looms	132	132
Apparels Division	Pieces	36 00 000	36 00 000

**2 Production:**

Class of Goods	YOM	31.03.2010	31.03.2009
		Qty	Qty
Dyed Yarn - Polyester	Kgs	8 531	23 304
Weaving - Fabrics	Mtrs	2 94 84 266	2 60 20 973
(incl outsourced merchandising)			
Garments ( Including Job work)	Pcs	19 92 826	22 35 491



**3 Opening & Closing Stock & Sales of Finished Goods:**

Class of Goods	YOM	Opening Stock		Closing Stock		Sales	
		Qty	Value	Qty	Value	Qty	Value
Yarn - Polyester	Kgs	32 019	14 67 073	4 745	52 237	17 684	11 62 690
		(20396)	( 13 34 583 )	( 32 019)	(14 67 073)	( 12 139 )	(30 50 590)
Weaving-Fabrics (Incl outsourced Merchandising)	Mtrs	50 06 955	45 13 18 690	39 62 531	40 68 69 529	3 05 28 691	297 35 95 699
Garments	Pcs	(72 07 926)	(51 85 39 473)	(50 06 955)	(45 13 18 690)	(2 62 17 246)	(257 27 09 883)
		2 17 363	3 82 27 392	77 192	2 51 99 746	21 32 997	57 62 06 669
		(3 08 463)	(8 30 57 215)	(2 17 363)	(3 82 27 392)	(23 68 157)	(67 26 94 138)

**4 Consumption of Raw materials:**

Particulars	YOM	31.03.2010		31.03.2009	
		Qty	Value	Qty	Value
Yarn	Kgs	18 121	19 20 850	86 617	87 24 249
Weaving-Cotton Yarn	Kgs	11 17 211	16 53 47 217	36 06 580	45 48 31 224
Others incl. Fabric, Trims, Dyes, Chemicals			265 74 45 282		177 27 03 806
			282 47 13 350		223 62 59 279

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

	Amount	Amount
	31.03.2010	31.03.2009
Raw Material	2 57 81 091	5 26 93 278
Components & Spare parts	5 57 215	47 14 825
Capital Goods	4 67 164	55 28 012

**6 Consumption of Spare parts & Components :**

	Imported		Indigenous	
	Value	%	Value	%
Spare parts	5 57 215	4%	1 31 66 885	96%
Raw Materials	2 57 81 091	1%	276 91 11 801	99%

**7 Earnings & Expenditure in Foreign currency during the year:**

	Rs.	Rs.
Earnings	31.03.2010	31.03.2009
Exports - FOB Value	47 73 67 228	63 00 34 299
Expenditure		
Import of capital Goods	4 67 164	55 28 012
Import of Raw Materials-CIF	2 57 81 091	5 26 93 278
Travelling Expenses	8 62 377	4 60 497
Dividend Proposed		
Others		



## 15. Related Party Transaction Disclosure as Per AS-18

### Transactions with Associates :-

		Transactions during the year Amount	Outstanding as on 31.03.2010	Provision for Doubtful Debets as on 31.03.2010	Amount writter off during the year
1	Receiving of Services	1 78 51 142			-
2	Sale of Product	36 90 60 825			-
3	For Remuneration				-
4	For Expenses-Rent	7 30 000			-
5	For Reimbursement of Expenses	31 07 609	-		-
6	Provisions for Doubtful debts /writter off	-	-		-

### 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

### Name of 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 Garments (India) Pvt. Ltd
7	Indus Infoways Pvt. Ltd
8	Kamal Kishor Finvest Pvt Ltd
9	Kavita Weaving Mills Pvt. Ltd.
10	Neeta Weaving Mills Pvt. Ltd
11	Niharika Weaving Mills Pvt. Ltd
12	Nirmala Hosieries Mills Pvt. Ltd
13	Parag Investment Pvt. Ltd.
14	Propellor Infotech
15	Savita Textiles Pvt. Ltd
16	Siddhant Spinning & Weaving Mills Pvt. Ltd.
17	Sneha Textiles Private Limited
18	Vedant Weaving Mills Pvt. Ltd.

## 16. Previous year figures have been regrouped / reclassified wherever necessary.

The figures for the previous year is for a period of 9 months and hence the previous years figures are strictly not comparable.

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet and Profit & Loss Account

For and on behalf of the Board of Directors

Vide our report of even date attached  
For SURI & CO.,  
(S.Sundaraman)  
Partner

Chartered Accountants  
Membership No. 28423

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Shashikant G. Mandhana  
Executive Director

(V. Balaji Bhat)  
Director

(Pradeep Totla)  
Company Secretary &  
Compliance Officer

Place : Bangalore  
Date : 25.06.2010

**A) Cash Flow Statement for the Period ended 31st March 2010 :**

	Amount Rs. 2009-2010	Amount Rs. 2008-2009
Net Profit as per Profit & Loss Account	(49 91 81 238)	(10 90 72 169)
Adjustments made :		
Provision for Gratuity	8,628,969	2,603,070
Depreciation	94,924,008	68,987,786
Loss/(Profit) on Sale of Fixed Assets	302,474	( 4 500)
Interest Received	( 1 02 07 655 )	( 94 71 348)
Other Income	( 93 96 792 )	( 38 64 770)
Finance Cost	237,574,454	251,174,093
	<u>321,825,458</u>	<u>309,424,331</u>
Operating Profit before Working Capital Changes	<b>( 17 73 55 780)</b>	<b>200,352,162</b>
(Increase)/Decrease in Stock	329,073,289	63,145,508
(Increase)/Decrease in Sundry Debtors	( 24 31 97 112)	( 36 70 40 500)
(Increase)/Decrease in Loans & Advances	182,639,722	( 15 17 04 765)
(Increase)/Decrease in Sundry Creations	151,391,173	( 21 27 31 380)
	419,907,071	( 66 83 31 137)
Cash generated from Operations	<u><b>241,551,291</b></u>	<u><b>( 46 79 78 975)</b></u>
Income Taxes Paid	( 14 79 671)	
Cash Flow before Extraordinary item		( 46 79 78 975)
Extraordinary Item		
<b>Net Cash from Operating Activities :</b>	241,071,620	( 46 79 78 975)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	( 56 35 682)	50,148,320
Increase in Investment	( 54 00 000)	186,500,000
Proceeds on Disposal of Fixed Assets	655,001	438,822
Interest Received	10,207,655	9,471,348
Other Income	9,396,792	3,864,770
<b>Net Cash from Investing Activities :</b>	9,223,766	250,432,261
Cash Flow from Financing Activities		
Proceeds from issue of Share Capital		0
Proceeds from Secured Loans	215,091,928	332,447,256
Proceeds from Unsecured Loans	( 22 95 64 932)	138,542,569
Dividend paid	0	( 96 87 825)
Dividends Tax paid	-	0
Dividend Tax Reversed	-	-
Preliminary expenses	-	-
Interest Paid	( 23 75 74 454)	) 25 11 74 093)
<b>Net Cash from Financing Activities :</b>	<b>( 25 20 47 459)</b>	<b>210,127,907</b>
	( 17 52 073)	( 74 27 807)
Cash and Cash equivalents at beginning of period	22,866,927	30,294,734
Cash and Cash equivalents at end of period	<u><b>21,114,854</b></u>	<u><b>22,866,927</b></u>

For and on behalf of the Board of Directors

(Nitin N Mandhana)  
Vice Chairman & Managing Director

(V. Balaji Bhat)  
Director

Vide our report of even date attached  
For SURI & CO.,

(Pradeep Totla)  
Company Secretary & Compliance Officer

(S.Sundararaman)  
Partner  
Chartered Accountants  
Membership No. 28423

## PART IV

## BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details	: L17121KA1999PLC025320	State Code	08
	Balance Sheet Date	: 31 03 2010	(Refer Code List)	
		Date Month Year		

II.	Capital raised during the year (Amount in Rs. Thousands)			
	<b>Public Issue</b>		<b>Rights Issue</b>	
	NIL		NIL	
	<b>Bonus Issue</b>		<b>Private Placement</b>	
	NIL		NIL	

III.	Position of Mobilization and deployment of Funds (Amount in Rs. Lakhs)			
	<b>Total Liabilities</b>		<b>Total Assets</b>	
	37667.19		37667.19	

Sources of Funds		
<b>Paid up Capital</b>	<b>Share Appl. Money</b>	<b>Reserves &amp; Surplus</b>
1899.99	NIL	8772.60
<b>Secured Loans</b>	<b>Deferred Tax Liability(Net)</b>	<b>Unsecured Loans</b>
25742.34	146.16	1252.36
Application of Funds		
<b>Net Fixed Assets</b>		<b>Investments</b>
14911.45		989.31
<b>Net Fixed Assets</b>		<b>Misc. Expenditure</b>
19541.11		-
<b>Accumulated Lossess</b>		
-		

IV.	Performance of Company (Amount in Rs. Thousands)			
	<b>Turnover</b>		<b>Total Expenditure</b>	
	36400.10		34708.59	
	<b>Profit/Loss Before Tax</b>		<b>Profit/Loss After Tax</b>	
	4991.81		3583.14	
	(PI tick appropriate box + for Profit & - for Loss)			
	<b>Earnings per share in Rs.</b>		<b>Dividend @ %</b>	
	Basic (18.48)	Diluted (3.88)	-	

V.	Generic Names of Three Principal Products / Services of Company (as per monerary terms)			
	Item Code No. (ITC Code)	5208		
	Product Description	Woven Fabric of Cotton		
	Item Code No. (ITC Code)	5211		
	Product Description	Woven Fabric of Cotton mixed with manmade fiber		
	Item Code No. (ITC Code)	6205		
	Product Description	Men's or boys shirting's		
	Item Code No. (ITC Code)	6206		
	Product Description	Women's or girl's blouses shirts and shirt-blouses		

For and on behalf of the Board of Directors

Vide our report of even date attached

For SURI & CO.,  
(S.Sundaraman)  
Partner  
Chartered Accountants  
Membership No. 28423

(Nitin N Mandhana)  
Vice Chairman & Managing Director

Shashikant G. Mandhana  
Executive Director

(V. Balaji Bhat)  
Director  
(Pradeep Totla)  
Company Secretary &  
Compliance Officer



**INDUS FILA LIMITED**Registered Office : Survey No. 285, 37<sup>th</sup> KM Stone, Kasaba Hobli, Nelamangala – 562123**ATTENDANCE SLIP**

DP ID	
CLIENT ID	

POLIO NO.	
NO. OF SHARES	

Name &amp; Address of Shareholder / Proxy holder

.....

.....

.....

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company held on Tuesday, the 28<sup>th</sup> September 2010 at the Registered Office of the Company at Survey No. 285, 37<sup>th</sup> KM Stone, Kasaba Hobli, Nelamangala – 562123, Karnataka at 9 A. M.

Member's / Proxy's Signature

(Shareholder attending the meeting in person or by proxy is requested to complete the attendance slip and handover at the entrance of the Meeting Hall)

\_\_\_\_\_

**INDUS FILA LIMITED**Registered Office : Survey No. 285, 37<sup>th</sup> KM Stone, Kasaba Hobli, Nelamangala – 562123**PROXY FORM**

DP ID	
CLIENT ID	

POLIO NO.	
NO. OF SHARES	

I / We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Being a Member / Members of Indus Fila Limited hereby appoint Mr. / Ms. \_\_\_\_\_

\_\_\_\_\_

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 Tuesday, the 28<sup>th</sup> September 2010 and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix Re.1/- Revenue Stamp
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Signature(s)
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Proxy form must reach company's registered office not later than 48 hours before the commencement of the meeting
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FOR OFFICE USE ONLY
DATE OF RECEIPT