

Letter to Shareholders

Dear Fellow Shareholders,

It is a privilege to welcome you to the 12th 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 FY11.

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 2011

I am pleased to enclose the Notice of Meeting for the Twelfth Annual General Meeting (the "AGM") of Indus Fila Limited together with the 2011 Annual Report and Summary.

The AGM will be held at 9 am on Friday, 23rd September 2011 at R.V Function Hall, D.R.V. Plaza, Near Old Bus Stand, B.B Road, Devanahalli Town, Bangalore Rural District – 562110

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

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

The Consolidated Accounts is enclosed.

Recommendation :

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

Yours truly,

Nitin Mandhana,

Vice Chairman & Managing Director

CONTENTS

Board of Directors

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

Company Secretary & Compliance Officer

Mr. Hansraj Rathor

Auditors

Suri & Co, Bangalore

Registered Office

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

Corporate Office

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

Registrar & Share Transfer Agent

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

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12th Annual General Meeting on Friday, the 23rd September, 2011 at 9 a.m
at
R.V Function Hall, D.R.V Plaza, Near Old Bus Stand, B.B Road, Devanahalli
Town , Bangalore Rural District - 562110
Annual Report can be accessed at www.indusfila.com

Notice of 12th Annual General Meeting

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of Indus Fila Limited will be held at IInd Floor, R.V Function Hall, D.R.V. Plaza, Near Old Bus Stand, B.B Road, Devanahalli Town, Bangalore Rural District - 562110, Karnataka on Friday, the 23rd September, 2011 at 9 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011, Profit & Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Gerhard Bornemann, who retires by rotation and, being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. Prakash Mandhana, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following as an ordinary resolution :
“ **RESOLVED THAT** pursuant to the provisions of Section(s) 269, read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Nitin N. Mandhana be and is hereby appointed as the Managing Director of the Company for a period of five years with effect from April 1, 2011”
6. To consider and, if thought fit, to pass with or without modification(s), the following as an ordinary resolution:
“ **RESOLVED THAT** pursuant to the provisions of Section(s) 269, read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Shashikant G. Mandhana be and is hereby appointed as Whole-time Director of the Company for a period of five years with effect from April 1, 2011”
7. To consider and, if thought fit, to pass with or without modification(s), the following as an ordinary resolution:
“ **RESOLVED THAT** pursuant to the provisions of Section(s) 269, read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Prakash G. Mandhana be and is hereby appointed as Whole-time Director of the Company for a period of five years with effect from April 1, 2011”

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING, AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Members and Transfer Books of the Company will remain closed from September 22, 2011 to September 23, 2011 (both days inclusive).
5. Members are requested to notify any change in their address / bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078, Maharashtra in respect of their physical share folios, if any.
6. Members holding shares in the physical form may avail of the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company will vest in the event of death. Interested members may write to the Company Secretary / Registrar & Transfer Agent.
7. Brief resume of the director(s) seeking re-appointment and other details as stipulated under Clause 49 of the Listing Agreement are provided in this report.
8. Indus Fila Limited is concerned about the environment and utilizes natural resources in a sustainable way. Recently the Ministry of Corporate Affairs (MCA), Government of India, vide its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send documents like Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc to the email address provided by you with your depositories.

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

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

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

Place: Bangalore
Date : August 11, 2011

Explanatory statement under Section 173(2) of the Companies Act, 1956
Item No. 5

Mr. Nitin N. Mandhana was appointed as Managing Director of the Company for a period of five years w.e.f April 1, 2006. The Board of Directors, have at their meeting held on May 30, 2011, consented to his re-appointment as the Managing Director of the Company for a further tenure of five years w.e.f April 1, 2011.

No remuneration would be payable to Mr. Nitin N. Mandhana as Managing Director of the Company.

The Board accordingly recommends the resolution as set out in Item No.5 of the Notice for approval of the members.

No director other than Mr. Nitin N. Mandhana is interested or concerned in the resolution.

Item No. 6

Mr. Shashikant G. Mandhana was appointed as Whole-time Director of the Company for a period of five years w.e.f April 1, 2006. The Board of Directors, have at their meeting held on May 30, 2011, consented to his re-appointment as Whole-time Director of the Company for a further tenure of five years w.e.f April 1, 2011.

No remuneration would be payable to Mr. Shashikant G. Mandhana as Whole-time Director of the Company.

The Board accordingly recommends the resolution as set out in Item No.6 of the Notice for approval of the members.

No directors other than Mr. Shashikant G. Mandhana and Mr. Prakash G. Mandhana are interested or concerned in the resolution.

Item No. 7

Mr. Prakash G. Mandhana was appointed as Whole-time Director of the Company for a period of five years w.e.f April 1, 2006. The Board of Directors, have at their meeting held on May 30, 2011, consented to his appointment as Whole-time Director of the Company for a further tenure of five years w.e.f April 1, 2011.

No remuneration would be payable to Mr. Prakash G. Mandhana as Whole-time Director of the Company.

The Board accordingly recommends the resolution as set out in Item No.7 of the Notice for approval of the members.

No director other than Mr. Prakash G. Mandhana and Mr. Shashikant G. Mandhana is interested or concerned in the resolution.

Annexure I
Details of Directors retiring by rotation

Name of the Director	Mr. Gerhard Bornemann	Mr. Prakash Mandhana
Date of Birth	25.09.1939	21.01.1965
Date of Appointment	11.04.2006	01.04.2006
Expertise in specific functional areas	Advisory Functions, International Trade and Marketing	Operations and Marketing
Qualification	Academy of Commerce, Wuppertal, Germany	B.Tech
Directorship held in other companies	Nil	3
Names of the Companies in which Directorship held	N.A	Andrew Finvest Pvt.Ltd Siddmeshwar Investment Pvt. Ltd Indus Garments (India) Pvt. Ltd
Committee positions held in companies	Nil	Nil

Annexure II

Information about the incumbents:

Mr. Nitin N. Mandhana

(i) Background details :

Mr. Nitin N. Mandhana is commerce graduate from Mumbai University. He has significant experience in the textile industry, including international marketing experience. He was a part of the team which launched the "Vivaldi" brand from Bombay Dyeing in the year 1988. From 1993 to 2005, he was the Managing Director of Mandhana Bornemann Industries Limited, which manufactured Brand Identification products for global garment brands.

Under his leadership, Indus Fila Limited, was conferred the 'Emerging India SME Award' for the year 2007. With over 20 years experience in the textile industry, he has been a driving force behind the Company's business.

(ii) Remuneration drawn during the financial year 2010-11

Mr. Nitin N. Mandhana had received a consolidated remuneration of Rs.15,00,000 from the wholly owned subsidiary company, Indus Garments (India) Private Limited. However he had not received any remuneration from the company for the financial year 2010-11.

(iii) Remuneration proposed

Mr. Nitin Mandhana would not be entitled to any remuneration in Indus Fila Limited.

(iv) Job Profile and suitability

Taking into consideration his qualification and expertise in relevant fields, he is suited for the responsibilities assigned to him by the Board of Directors.

Mr. Shashikant G. Mandhana

(i) Background details :

Mr. Shashikant G. Mandhana is commerce graduate. He has around 25 years experience in the textile industry. He is involved in the operations and marketing of apparel business of the Company, which requires very meticulous follow up and planning for timely order servicing.

(ii) Remuneration drawn during the financial year 2010-11

Mr. Shashikant G. Mandhana had not received any remuneration for the financial year 2010-11.

(iii) Remuneration proposed

No remuneration would be payable to Mr. Shashikant G. Mandhana as the Whole-time Director of the Company.

(iv) Job Profile and suitability

Taking into consideration his qualification and expertise in relevant fields, he is suited for the responsibilities assigned to him by the Board of Directors.

Mr. Prakash G. Mandhana

(i) Background details :

Mr. Prakash G. Mandhana is engineering graduate with specialization in textile industry. He has over 18 years experience and heads the Marketing and product development of fabric division. He is also involved in Human resources and administration functions of the Company.

(ii) Remuneration drawn during the financial year 2010-11

Mr. Prakash G. Mandhana had not received any remuneration for the financial year 2010-11.

(iii) Remuneration proposed

No remuneration would be payable to Mr. Prakash G. Mandhana as the Whole-time Director of the Company.

(iv) Job Profile and suitability

Taking into consideration his qualification and expertise in relevant fields, he is suited for the responsibilities assigned to him by the Board of Directors.

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

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

Place: Bangalore
Date : August 11, 2011

Report of the Board of Directors**Dear Shareholders,**

Your Directors present the 12th Annual Report on the business and operations of the Company together with Audited Results for the financial year ended 31st March, 2011.

1. Corporate Overview

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

The Company prepares its financial statements in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India.

2. Financial Performance

(Rs. in Lakhs)

PARTICULARS	2010 -11	2009-10
TURNOVER	43945.73	36313.21
Profit/(Loss) before Interest & Depreciation	3674.47	(76.96)
Less: Interest	2507.91	2375.74
Less : Foreign exchange loss/ Gain	(180.52)	1589.87
Less : Depreciation	973.62	949.24
Net Profit/(Loss) after taxation	212.32	(3583.14)

With the economic revival gathering momentum, a clutch of growth trajectory initiatives enabled your Company to deliver positive growth and further consolidate its position in its core business. FY 2011 has been both challenging and momentous for your Company. The resilience and inherent strength of your Company's superior technology-based manufacturing was the key-driver that enabled your Company to deliver better performance with improvements across key parameters in FY 2011.

Your Company recorded a total gross turnover of Rs.43,945.73 lakhs for the period ending 31st March 2011, as compared to Rs. 36,313.21 lakhs for the period ending on 31st March 2010 while reporting a net profit of Rs. 212.32 lakhs.

3. Consolidated Accounts

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

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Profit & Loss Account of subsidiaries. The Central Government has granted general exemption from complying with Section 212 of the Companies Act, 1956 to all Companies vide Notification No. 5/12/2007 – CL-III dated February 8, 2011. Accordingly, your Company has presented in this report, the consolidated financial statements of the holding company and its subsidiary duly audited by the Statutory Auditors. The Company has also disclosed in the Consolidated Balance Sheet the information required to be provided as per the aforesaid notification dated February 8, 2011. The Company will make available the audited annual accounts and related information of its subsidiaries, upon request by any of its shareholders. The annual accounts of the subsidiary company will also be kept for inspection, by any member at the Registered Office of the Company and its Subsidiary Company.

4. Dividend

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

5. Directors

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

Mr. Nitin N. Mandhana, Managing Director, Mr. Shashikant G. Mandhana, Whole-time Director and Mr. Prakash G. Mandhana, Whole-time Director were appointed at the General Meeting held on 31st March 2006 for a term of five years. The Board of Directors have, at their meeting held on 30th May 2011 recommended the re-appointment of these Directors.

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

6. Audit

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

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

7. Management Discussion & Analysis

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

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

Pursuant to Sub-section 2AA of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;

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

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

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

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

11. Corporate Governance

The Company is committed to maintain high standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI.

The report on the Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

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

12. Acknowledgements

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

For and behalf of the Board of Directors

Nitin N. Mandhana
Vice Chairman & Managing Director

Shashikant G. Mandhana
Executive Director

Place: Bangalore
Date: May 30, 2011

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, 2011.

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. The Company's continued efforts to reduce and optimize the use of energy consumption has shown positive results. The efforts taken to conserve energy will help us to conserve coal and help the environment.

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

As per Form 'A' annexed

B. Technology Absorption

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

The 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.5882.66 Lakhs.

Particulars	2010-11 (Rs. in Lacs)
Total Foreign Exchange used	869.39
Total Foreign Exchange earned	5882.66

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

Form "A"

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY			
A. POWER AND FUEL CONSUMPTION		2010 -11	2009-10
1. ELECTRICITY			
a. Purchased			
	Unit (KWH)	4895856	4339310
	Total Amount	3,42,50,712	2,72,22,242
	Rate / Unit (Rs. / KWH)	Up to 1 lakh Rs. 4.60 above 1 lakh unit Rs. 5.00	6.27
b. Own Generation			
(i) Through Diesel Generator			
	Unit (KWH)	622766	717337
	Units per litre of Diesel Oil (KWH/Litres)	3.25	3.17
	Cost / Unit (Rs. / KWH)	Rs. 14.15	10.66
(ii) Through Steam Turbine / Generator			
	Unit (KWH)	8118074	6392900
	Units per metric tons of coal/fuel / gas	523.83	641.24
	Cost / Unit	8.11	7.74
2. COAL			
	Quantity (tonnes)	24972.75	9969.57
	Total Cost	4,96,05,768	5,04,06,381
	Average Rate	1986.39	5056.02
3. FURNACE OIL			
	Quantity (K. Ltrs)	382.05	320.07
	Total Cost	1,02,44,230	90,99,000
	Average rate	26814.19	28428

CONSUMPTION PER UNIT OF PRODUCTION

Class of products	UOM	Production (including outsourced / job work)		Electricity (units)		Electricity Consumption (KWH per unit of production)	
		10-11	09-10	10-11	09-10	10-11	09-10
Apparels	Pcs	3683181	1992826	1723706	1541466	2.14	1.29
Fabrics	Mtrs	7115161	29484266	8118074	9908081	1.14	2.98

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

For and behalf of the Board of Directors

Nitin N. Mandhana
Vice Chairman & Managing Director

Shashikant G. Mandhana
Executive Director

Place: Bangalore
Date: May 30, 2011

Management Discussion & Analysis

Business Review

From Design to Delivery

Your Company is a new age fashion and textile manufacturer with sharp focus on design and backward integration capabilities, engaged in yarn dyeing, fabric weaving, fabric processing and apparel manufacturing. We have positioned ourselves as a multi product, multi fiber and multi market player ensuring that our target market is a diverse mix of the domestic fabrics market, garment export and international market (fabrics exports). The Company enjoys four decades of promoter's proven track record in the industry.

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

Indian Textile Industry

The Textile Industry is one of the largest and most important sectors in the Indian Economy in terms of output, foreign exchange earnings and employment. India's textile industry is one of the leading textile industries in the world. It contributes approximately 14% to India's industrial production, 4 % to the GDP and 17 % to the country's export earnings. It provides direct employment to over 35 million people and is the second largest provider of employment after the agricultural sector. The industry is expected to grow steadily from its present US \$70 billion to US \$ 110 billion by 2015. Textile products including wearing apparel have registered a growth of 4.3% during April – January 2010-11, as per the Index of Industrial Production (IIP) data released by the Central Statistical Organization.

Notwithstanding signs of recovery from the previous financial crisis, the textile and apparel industry went through a tough year struggling with the surging and fluctuating prices of raw materials. However the Government is making efforts in boosting the textile industry through various initiatives and investments are increasing steadily. The industry is expected to continue to grow at a significant rate in the future, as it is fuelled by a strong domestic consumption.

Economic Scenario

Despite new risks, the global economic recovery is gaining strength and the IMF has projected a 4.5% worldwide growth in 2011 and 2012. While growth in the emerging economies remain strong, that in the US and European region is slowly gaining momentum. Some of economies of developed nations are still a concern with the Euro zone being the most vulnerable as rating agencies continue to downgrade the sovereign rating of many economies of this region. The natural disaster in Japan, sharp increase in oil prices consequent to the turmoil in the Middle East and North Africa is fuelling uncertainty to the pace of global recovery. Globally, elevated food and commodity prices accompanied by the spike in oil prices have engendered inflation concerns.

The Indian Economy registered improved growth and was amongst the better performers amid emerging market economies. Central Statistical Organization's recent estimated Indian GDP growth rate of 8.6% is consistent with the RBI's projections for the same period. While the area sown under the Rabi crop is higher than last year which augurs well for agricultural production, the index of industrial production continues to remain volatile.

Continuing uncertainty about energy and commodity prices may vitiate the investment climate, posing a threat to the current growth trajectory. Inflation remains a challenge to the Indian Economy and the key risks are tighter monetary conditions and rising prices eating into the consumer's disposable income.

Opportunities and Threats

The present global economic scenario throws up opportunities for fundamentally strong Companies such as your Company. The inherent strength, in the form of strong domain expertise and strength and resilience of the brands, fully integrated state-of-the-art production facilities and cutting edge technology, provide a highly potent platform to seize opportunities in the form of newer markets, new segments of customers, etc. Our expertise, experience and integrated execution capabilities are factors that will help us leverage the opportunities that lie ahead.

Indus Fila

Factors such as value buying by consumers, sharp increase in raw material prices, continued weakness in developed geographies, prospect of higher domestic inflation, proposed imposition of mandatory levy on branded garments and interest rates are some of the challenges facing the Textile industry at large.

Risks and Concerns

The Company focusses on exports to the US and European and markets and is aggressively implementing strategy to evolve into a global competitor.

The Company is exposed to risk of price fluctuations as 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, technology and customer service. The Company's turnover includes exports and this gives rise to market rise 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 good practices. The internal control system is supplemented by external concurrent audit appointed by the consortium of banks for financial and performance monitoring.

Discussion on financial performance

Income:

The Company recorded a gross turnover of Rs. 43,945.73 lacs for the financial year ending 31st March 2011 as compared to Rs. 36,313.21 lacs for the previous financial year.

A) EBIDTA:

The Company's EBIDTA stood at 3674.47 lacs for the financial year ending 31st March 2011 as compared to a loss of Rs. 76.86 lacs for the previous year.

B) PAT:

The Company reported a net profit of Rs. 212.32 lakhs during the current financial year.

Performance of subsidiary company

Indus Garments (India) Private Limited

The Company recorded a gross turnover of Rs. 10,478.55 lacs for the financial year ending 31st March 2011 as compared to Rs. 5774 lacs for the previous financial year. The Company earned a profit after tax of Rs.249.85 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.

Cautionary Statement

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

Date : May 30, 2011

Place : Bangalore

Corporate Governance Report

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

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

1. Company's Philosophy on Corporate Governance

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

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

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

2. Board of Directors

I. Composition of the Board

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

II. Details of Directors and Directorship held

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

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

Mr. Gerhard Bornemann and Mr. Prakash Mandhana retire by rotation, and being eligible, offer themselves for reappointment. The brief profile of these directors are as detailed below:

Name of the Director	Mr. Gerhard Bornemann	Mr. Prakash Mandhana
Date of Birth	25.09.1939	21.01.1965
Date of Appointment	11.04.2006	01.04.2006
Expertise in specific functional areas	Advisory Functions, International Trade and Marketing	Operations and Marketing
Qualification	Academy of Commerce, Wuppertal, Germany	B.Tech
Directorship held in other companies	Nil	3
Names of the Companies in which Directorship held	N.A	Andrew Finvest Pvt.Ltd Siddmeshwar Investment Pvt. Ltd Indus Garments (India) Pvt. Ltd
Committee positions held in companies	Nil	Nil

VI. Board Meetings and Annual General Meetings

The Board of Directors met 5 (five) times during the year on 25.06.2010, 13.08.2010, 31.08.2010, 15.11.2010 and 11.02.2011.

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	05	Yes
Mr. Shashikant Mandhana	05	Yes
Mr. V. Balaji Bhat	05	Yes
Mr. Prakash Mandhana	Nil	No
Mr. Gerhard Bornemann	Nil	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:

- a. 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
- b. Reviewing ,with management , the quarterly ,half yearly and annual financial statements
- c. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- d. Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- e. 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.
- f. Reviewing the Company's financial and risk management policies.
- g. 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 March 31, 2011, 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	5
Mr. Gerhard Bornemann	Member	Independent, Non-executive Director	NIL
Mr. Nitin Mandhana	Member	Vice Chairman & Managing Director	5

Five (5) Audit Committee Meetings were held during the Financial Year ended March 31, 2011. The dates on which the Audit Committee meetings were held are as follows: 25.06.2010, 13.08.2010, 31.08.2010, 15.11.2010 and 11.02.2011. 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 March 31, 2011, 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 2010-11.

The composition of remuneration committee as of March 31, 2011 is given below:

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

Details of remuneration paid to directors during the financial year 2010-11

No Remuneration was paid to any of the executive directors of the Company for the year ended March 31, 2011.

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 March 31, 2011. Further, sitting fee is not paid to any of the directors of the company.

5. Shareholder's Grievances Committee

Terms of reference

Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non-receipt of annual report etc.

Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Composition, Meetings and Attendance

The composition of Shareholder's Grievances committee as on March 31, 2011 and the attendance of the members in the meeting held during the financial year 2010-11 are as follows:

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

Status of investors' complaints

The status of investor's complaints as on March, 31 2011 is as follows:

Number of Complaints received during the year	Nil
Number of complaints resolved during the year	Nil
Number of Complaints pending as of March 31,2011	Nil

There were no outstanding complaints as on March 31, 2011.

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
2007-08	27.12.2008	8.00 A.M	Registered Office
2008-09	31.12.2009	9.00 A.M	Registered Office
2009-10	28.09.2010	9.00 A.M	Registered Office

B) Postal Ballot:

There were no resolutions passed through Postal Ballot for the financial year 2010-11.

C) Special Resolution:

A Special resolution for conversion of unsecured loans from promoters, into equity shares, was passed in the Annual General Meeting held on 28th September 2010.

7. Disclosures**a) Materially significant related party transactions**

There were no material significant related party transactions during the financial year 2010-11 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard – are included in the notes to the accounts.

b) Subsidiary Companies:

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

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

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

The Company has complied with Clause 38 of the listing agreement with respect to payment of listing fees to the Exchanges and Annual Custodial fees to the Depositories for the year 2010-11. 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 are no deviations from following the treatment prescribed in Accounting Standards, in preparation of financial statements for the financial year 2010-11.

e) Board Disclosures – Risk Management

The Company has a well documented risk management policy which acts as an effective tool in minimizing various risks to which our businesses are exposed to during the course of their day to day operations as well as their strategic actions. Various risks are identified, comprising mainly of price volatility of key inputs, foreign exchange risks, environmental, health and safety risks, breakdown of information system, regulatory and legal risks, etc. All the risks associated with the business are identified and allocated to respective designated owners to manage/control the risks and keep risks exposures within acceptable limit.

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

Short Term Investment:

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

g) Certification from CEO

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

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

- i. The company has complied with all the mandatory requirements as mandated under Clause 49 of listing agreement.
- ii. The Company has complied with the non-mandatory requirements relating to remuneration committee.
- iii. The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of Corporate Governance.
- iv. Details of Shares held by Non-Executive Directors as on 31.03.2011 :

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

8. Means of Communication

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

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

9. General Shareholder Information
a) Annual General Meeting

Date : 23rd September, 2011
 Time : 9 A.M
 Venue : R.V Function Hall, D.R.V. Plaza, Near Old Bus Stand, B.B Road, Devanahalli Town, Bangalore Rural District – 562110, Karnataka.

b) Financial Year

The Financial Year commences from 1st April, 2010 till 31st March, 2011

c) Book Closure

The dates of the book closure are 22nd September 2011 to 23rd September 2011 (both days inclusive)

d) Dividend Payment

In order to conserve funds and to bridge working capital requirements, the Board has not declared dividend for the financial year 2010-11.

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 2010 -2011 on the Bombay Stock Exchange Limited:

MONTH	INDUS FILA		BSE SENSEX	
	High	Low	High	Low
Apr -10	28.2	23.45	18047.86	17276.8
May -10	33.85	24.2	17536.86	15960.15
June -10	27.9	22.7	17919.62	16318.39
July -10	32.25	25.1	18237.56	17395.58
Aug -10	32.8	25.55	18475.27	17819.99
Sep -10	28	23	20267.98	18027.12
Oct -10	35.5	24	20854.55	19768.96
Nov -10	33.45	26	21108.64	18954.82

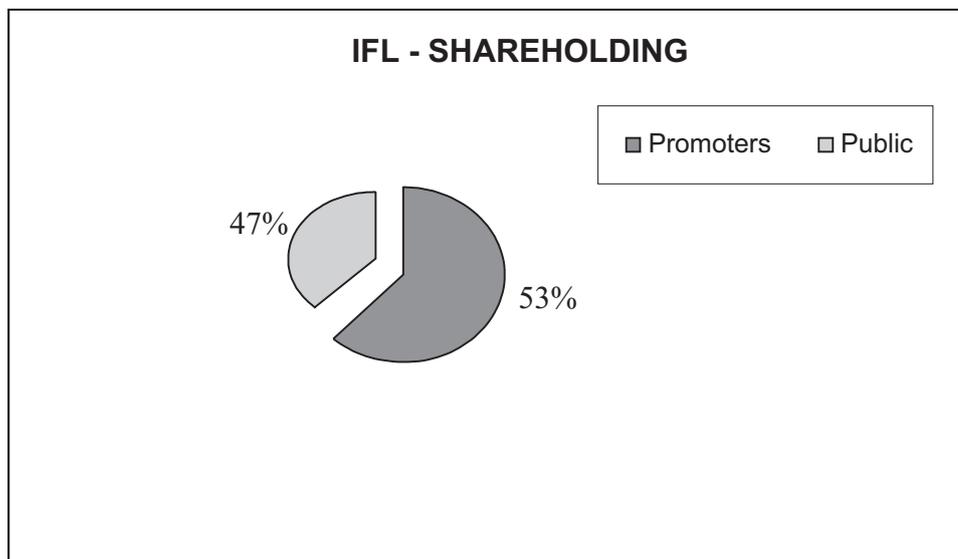
Dec -10	28.75	23.55	20552.03	19074.57
Jan -11	26.35	22.05	20664.8	18038.48
Feb -11	28.2	19.5	18690.97	17295.62
Mar -11	26.5	21.55	19575.16	17792.17

h) Distribution of Shareholding

1. The distribution of shareholding of the Company as on March 31, 2011 is as follows:

SI No.	Shares Range		Shares	% To Capital	No. of Holders	% to Total Holders
	From	To				
1	1	500	438678	81.0465	3361	2.2641
2	501	1000	278619	8.1022	336	1.4380
3	1001	2000	269995	4.0993	170	1.3935
4	2001	3000	182777	1.6639	69	0.9434
5	3001	4000	139565	0.9404	39	0.7203
6	4001	5000	180818	0.8199	34	0.8412
7	5001	10000	394959	1.1092	46	1.7419
8	10001	*****	17430620	2.2185	92	90.6576
TOTAL			19375156	100.0000	4147	100.0000

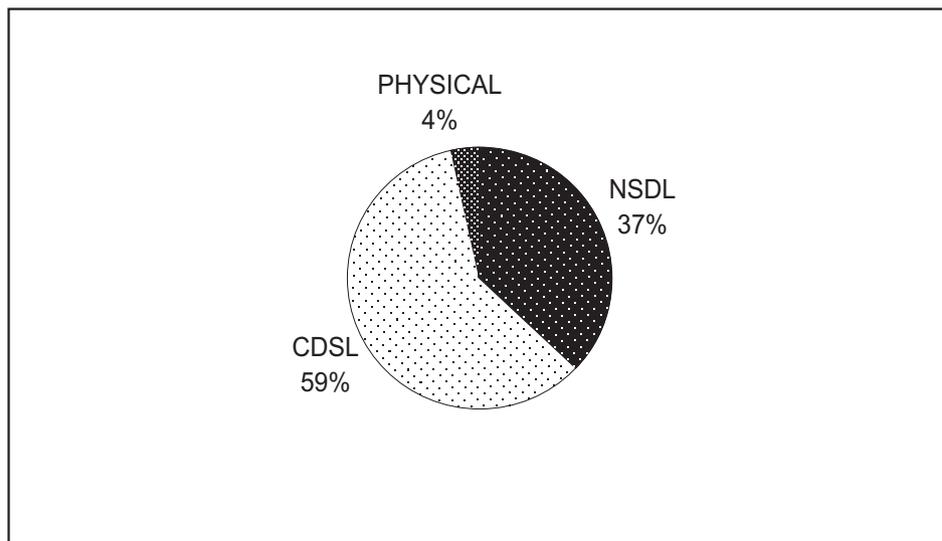
2. Shareholding pattern as on March 31, 2011



i) Dematerialization of Shares

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

Number of shares held in dematerialized and physical mode as on March 31, 2011 is as below :



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

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

n) Address for Correspondence

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

Place : Bangalore
Date : May 30, 2011

For and on behalf of the Board of Directors

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification Number : L17121KA1999PLC025320
Nominal Share Capital : Rs.40,00,00,000/-
Paid-up Share Capital : Rs.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 31st March, 2011. We have obtained all information and explanations which to best of our knowledge and belief are necessary for the purposes of certification.

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

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

For KSR & Co.,
Company Secretaries

C.V.Madhusudhanan
Partner
FCS:5367; CP:4408

Date : May 30, 2011
Place : Bangalore

Certificate from Chief Executive Officer

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

- (a) I have reviewed the financial statements and the cash flow statement for the year ended 31st March 2011, and that to the best of my knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or volatile of the Company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Nitin N. Mandhana
Vice Chairman & Managing Director

Place: Bangalore
Date: May 30, 2011

AUDITORS' REPORT

We have audited the attached Balance Sheet of M/S INDUS FILA LIMITED as at 31st March 2011 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.7 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 2011
 - b) In the case of the Profit and Loss Account, of the PROFIT for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the Cash Flows for the year.

Place : Bangalore
Date : May 30, 2011

For SURI & CO.,

Chartered Accountants
G. Rangarajan
Partner
Firm Regn No.0042838

ANNEXURE TO AUDITORS' REPORT

(Referred to in our report of even date on the Accounts of **INDUS FILA LIMITED** for the year ended 31st March 2011)

- 1)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The company's programme of physical verification of fixed assets, in our opinion, is reasonable considering the size and nature of assets and business. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of fixed assets of the company.
- 2)
 - a) The inventories has been physically verified by the management under supervision by independent chartered accountants at the end of the year.
 - b) According to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and are being adjusted in the books of account.
- 3)
 - a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, clause (iii)(b), (iii)(c), and (iii)(d) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
 - b) The company has taken interest-free unsecured loans from eight parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.959.60 lakhs and the year end balance of the loans taken from such parties was Rs.959.40 lakhs.
 - c) Being Interest free, the loans are not prima-facie prejudicial to the interest of the company.
 - d) The terms of the arrangement do not stipulate any repayment schedule. Accordingly, paragraph 4(iii)(g) of the Order is not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the company and nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services, subject to continuing weakness relating to internal audit system as stated in Para 7 below.
- 5)
 - a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) According to the information and explanations given to us and having regard to the explanations that some the items purchased, sold are services availed are of a special nature for which comparable alternative price are not available, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956

during the year have been made at prices which are considered reasonable.

- 6) The Company had not taken any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under.
- 7) The system of internal audit of the company needs to be strengthened and commensurate to the size and nature of its business.
- 8) On the basis of the prima facie examination of the records of the company, we are of the opinion that the company has made and maintained cost records as required under section 209(1)(d) of the Companies Act, 1956. However we have not made a detailed examination of the records in this regard.
- 9) a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues where ever applicable, though there are delays in depositing provident fund and ESI. In respect of Income tax there were delays in depositing the undisputed dues with appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty and Cess were in arrears, as at 31st March 2011 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
Fringe Benefit Tax	Rs.23,90,590/-	A.Y 2009-10
Dividend Distribution Tax	Rs 16,46,404/-	A.Y 2008-09
Tax Deducted at source	Rs 33,10,538/-	A.Y 2011-12
Tax Deducted at source	Rs 43,15,219/-	A.Y 2009-10
Provident Fund	Rs.6,72,157/-	F.Y- 2010-11
ESI- Labour Charges	Rs.1,82,517/-	F.Y- 2010-11
ESI- Labour Charges	Rs.4,86,789/-	F.Y- 2009-10

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

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

- 10) The accumulated losses of the company as on 31st March 2011 does not exceed 50 percent of its net worth. The Company has not incurred Cash Losses during the financial year covered by our audit and has incurred cash losses in the immediately preceding financial year.
- 11) In our opinion, the company has defaulted in the repayment of dues to financial institutions or banks amounting to Rs.12.61 crores during the financial year under review.

Indus Fila

- 12) According to the information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and investments.
- 13) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual fund / society. Therefore, provisions of clause (xiii) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, provisions of clause (xiv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15) The Company has given guarantees for loans from banks taken by subsidiary company/firms, who are engaged for job works and the terms and conditions of such guarantees in our opinion are not prejudicial to the interest of the company.
- 16) In our opinion and According to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has not applied short term funds for long term purposes.
- 18) 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.
- 19) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- 20) During the year covered under audit, the company has not raised any monies by public issues..
- 21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place : Bangalore

Date : May 30, 2011

For SURI & CO.,

Chartered Accountants

G. Rangarajan

Partner

Firm Regn No.0042838

BALANCE SHEET AS AT 31ST MARCH 2011

	SCHEDULE	31.03.2011 Rs.	31.03.2010 Rs.
SOURCES OF FUNDS:			
Shareholders' Funds:			
Capital	1	18 99 89 470	18 99 89 470
Reserves and Surplus	2	87 72 60 000	87 72 60 000
		106 72 49 470	106 72 49 470
Loan Funds:			
Secured Loans	3	274 37 63 694	257 42 34 317
Unsecured Loans	4	12 07 91 569	12 52 35 638
		286 45 55 263	269 94 69 955
Deferred Tax Liability (Net)	5	6 84 300	-
TOTAL		393 24 89 033	376 67 19 425
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	6	183 84 51 853	180 42 61 537
Less: Depreciation		46 95 77 269	37 33 29 653
		136 88 74 584	143 09 31 884
Add: Capital Work in Progress		6 77 49 030	6 02 13 199
Net Block		143 66 23 614	149 11 45 083
Investments	7	9 89 30 610	9 89 30 610
Deferred Tax Asset(Net)	5	-	1 46 15 700
Current Assets, Loans and Advances:			
Inventories	8	77 66 32 171	75 07 39 941
Sundry Debtors	9	183 43 76 827	185 41 89 837
Cash and Bank Balances	10	2 30 02 618	2 11 14 854
Loans and Advances	11	19 70 28 226	17 58 41 462
		283 10 39 842	280 18 86 095
Less: Current Liabilities and Provisions:			
Current Liabilities	12	55 82 91 767	78 53 43 253
Provisions	13	6 24 97 754	6 24 31 307
		62 07 89 521	84 77 74 560
Net Current Assets		221 02 50 321	195 41 11 536
Miscellaneous Expenditure			
Debit Balance in Profit & Loss account		18 66 84 488	20 79 16 496
TOTAL		393 24 89 033	376 67 19 425

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

(Nitin N Mandhana)
Vice Chairman & Managing Director

Vide our report of even date attached
For SURI & CO.,
Chartered Accountants
FRN-004283S

(Shashikant G Mandhana)
Executive Director

(G Rangarajan)
Partner
Membership No. 024107

(V. Balaji Bhat)
Director

Place: Bangalore
Date: 30.05.2011

(Hansraj Rathor)
Chief Finance Officer & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE	31.03.2011 Rs.	31.03.2010 Rs.
INCOME			
Turnover		439 45 72 632	363 13 21 029
Export incentive		3 77 26 071	3 78 85 674
Increase/(Decrease) in Stock	14	2 18 27 729	(23 43 36 900)
Other Income	15	96 44 946	1 96 04 447
TOTAL		446 37 71 378	345 44 74 251
EXPENDITURE			
Input Cost	16	399 28 99 847	334 20 48 650
Administrative and Selling Cost	17	10 34 24 924	12 01 21 203
		409 63 24 771	346 21 69 853
Profit Before Interest, Depreciation and Tax		36 74 46 607	(76 95 602)
Depreciation	6	9 73 61 846	9 49 24 008
Profit Before Interest and Tax		27 00 84 761	(10 26 19 610)
Interest and other Finance Cost	18	25 07 91 434	23 75 74 454
Foreign Exchange Loss (Gain)		(1 80 52 398)	15 89 87 174
Profit Before Tax		3 73 45 725	(49 91 81 238)
Provision for Taxation			
Current		-	-
Fringe Benefit		-	16 708
			16 708
Profit after Current tax		3 73 45 725	(49 91 97 947)
Deferred		1 53 00 000	(14 23 64 000)
Earlier year taxes(net)		8 13 717	14 79 671
Profit after deferred and earlier years tax		2 12 32 008	(35 83 13 618)
Add: Balance Brought Forward from earlier year		(20 79 16 496)	13 53 97 122
		(18 66 84 488)	(22 29 16 496)
Less: Appropriations			
Withdrawal from General reserve		-	(1 50 00 000)
Balance Carried to Balance Sheet		(18 66 84 488)	(20 79 16 496)
		(18 66 84 488)	(22 29 16 496)
Earnings per Share (Not annualized)			
Basic		1.10	(18.48)
Diluted		1.10	(18.48)
Number of Shares used in computing Earnings per share			
Basic & Diluted		1 93 87 447	1 93 87 447

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

(Nitin N Mandhana)
Vice Chairman & Managing Director

(Shashikant G Mandhana)
Executive Director

(V. Balaji Bhat)
Director

Vide our report of even date attached
For SURI & CO.,
Chartered Accountants
FRN-004283S

(G Rangarajan)
Partner
Membership No. 024107

(Hansraj Rathor)
Chief Finance Officer & Company Secretary

Place: Bangalore
Date: 30.05.2011

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

	31.03.2011 Rs.	31.03.2010 Rs.
SCHEDULE 1		
Share Capital		
Authorised 4,00,00,000 Equity Shares of Rs.10/ each	40 00 00 000	40 00 00 000
Issued, Subscribed and Paid-up		
1,93,75,156 Shares of Rs.10/- each fully paid-up (Of the above 78,27,750 shares are allotted as fully paid - up by way of bonus shares by capitalization of Reserves & Surplus)	19 37 51 560	19 37 51 560
Less: Amount recoverable from ESOP Trust (Face value of 4,56,000 shares allotted to the Trust)	38 85 000	38 85 000
	<u>18 98 66 560</u>	<u>18 98 66 560</u>
Share Capital Suspense	1 22 910	1 22 910
	<u>18 99 89 470</u>	<u>18 99 89 470</u>
SCHEDULE 2		
Reserves and Surplus		
Securities Premium Account (A)		
Balance as per last Balance Sheet	87 23 84 410	87 23 84 410
General Reserve:(B)		
Balance as per last Balance Sheet	-	1 50 00 000
Less : Adjusted as per contra	-	(1 50 00 000)
Amalgamation Reserve	48 75 590	48 75 590
Balance in profit & Loss A/C		
TOTAL (A+B)	<u>87 72 60 000</u>	<u>87 72 60 000</u>
SCHEDULE 3		
Secured Loans		
Loans and Advances from Banks		
Term Loans from banks	134 94 48 824	134 31 07 955
Cash Credit and other working capital facility	139 41 27 793	123 06 78 238
Vehicle loans from Banks	1 87 077	4 48 124
	<u>274 37 63 694</u>	<u>257 42 34 317</u>
Note :		
1. Term Loans : Pari-Passu First charge on entire fixed assets of the companies factory location at Nanjangud & Nelamangala with one another.		
2. Cash Credit & other Working Capital : Pari-Passu first charge on Raw Material, Work in progress, Finished Goods, Stores & Spares & receivable existing & Future		
3. Term Loans & Working Capital Loans are secured by personal guarantee of Managing Director & Executive Director.		
SCHEDULE 4		
Unsecured Loans - From Promoters & Associates:		
Inter-Corporate Deposit	2 48 51 900	2 92 75 969
From Directors & Associates	9 59 39 669	9 59 59 669
	<u>12 07 91 569</u>	<u>12 52 35 638</u>

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

	31.03.2011	31.03.2010
	Rs.	Rs.
SCHEDULE 5		
Deferred Tax		
Deferred Tax Liability		
Difference due to Depreciation & Others	19 92 34 300	18 69 34 300
Deferred Tax Assets		
Towards Business Losses & Unabsorbed Depreciation	19 85 50 000	20 15 50 000
Deferred Tax Liability/(Asset)	6 84 300	(1 46 15 700)
SCHEDULE 7		
Investments		
Long Term-Trade		
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	14 05 750	-
Investments in Subsidiary		
Fully Paid up Equity Shares (unquoted)		
Investments in Indus Garments (India) Pvt Ltd.	9 89 20 410	9 89 20 410
(1,97,999 shares of Face Value of Rs.100/- each, fully paid up) at cost		
	9 89 30 610	9 89 30 610
SCHEDULE 8		
Inventories (As certified by the Management)		
Stores and spares	65 84 994	42 32 531
Raw Material and Consumables	31 54 29 656	24 58 03 780
Work-in-Progress	24 22 63 128	21 84 25 911
Finished Goods	21 23 54 393	28 22 77 720
	77 66 32 171	75 07 39 941
SCHEDULE 9		
Sundry Debtors - Unsecured		
Considered Good		
Debts outstanding for a period exceeding six months	45 36 72 542	56 04 85 786
Other Debts	138 07 04 285	129 37 04 051
Considered Doubtful		
Debts outstanding for a period exceeding six months	61 46 555	28 23 053
Less : Provision	(61 46 555)	(28 23 053)
	183 43 76 827	185 41 89 837

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

	31.03.2011	31.03.2010
	Rs.	Rs.
SCHEDULE 10		
Cash and Bank Balances		
Cash	54 70 241	50 13 834
Balances with Scheduled Banks:		
In Current Accounts Including Cheques on Hand	1 23 60 635	45 94 530
In Deposit Accounts	51 71 742	1 15 06 490
	<u>2 30 02 618</u>	<u>2 11 14 854</u>
SCHEDULE 11		
Loans and Advances - Unsecured		
Considered Good		
Advances recoverable in Cash or kind or for value to be received in the course of business	10 94 25 441	9 27 29 939
DEPOSITS	3 41 06 514	3 36 02 888
Tax payments pending adjustments	5 34 96 271	4 94 77 697
Others	-	30 937
Considered Doubtful	36 96 700	1 47 86 800
Less: Written off	(36 96 700)	(1 47 86 800)
	<u>19 70 28 226</u>	<u>17 58 41 462</u>
SCHEDULE 12		
Current Liabilities		
Sundry Creditors		
For Capital Goods	2 53 56 557	2 10 69 108
For Others	49 79 39 970	74 76 18 441
Advance from Customers	2 12 09 490	11 08 589
Provision for Gratuity	1 19 94 439	1 48 95 847
Un-claimed Dividend *	22 994	22 994
Due to Directors	17 68 317	6 28 275
Dues to Micro, Small & Medium Enterprises	Nil	Nil
Interest paid/payable to Micro, Small & Medium Enterprises (Refer Note No: (B)(7) of Schedule 19)	Nil	Nil
	<u>55 82 91 767</u>	<u>78 53 43 253</u>
SCHEDULE 14		
Increase/(Decrease) in Stock		
Finished Goods		
Closing Stock	21 23 54 393	21 43 63 881
Opening Stock	21 43 63 881	39 24 83 663
	<u>(20 09 488)</u>	<u>(17 81 19 782)</u>
Work-in-Progress		
Closing Stock	24 22 63 128	21 84 25 911
Opening Stock	21 84 25 911	27 46 43 029
	<u>2 38 37 217</u>	<u>(5 62 17 118)</u>
Total	<u>2 18 27 729</u>	<u>(23 43 36 900)</u>

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

	31.03.2011	31.03.2010
	Rs.	Rs.
SCHEDULE 15		
Other Income		
Interest Received	4 12 928	1 02 07 655
(TDS C.Y Rs.50,220/-, P.Y Rs.20,947/-)		
Miscellaneous Income	92 32 018	93 96 792
	96 44 946	1 96 04 447
SCHEDULE 16		
Input Cost		
A Material Consumed		
Opening Stock	31 37 17 619	40 78 71 205
Add: Purchases	328 53 76 605	271 69 57 608
Carriage Inwards and other expenses	2 03 67 022	1 29 36 526
	<u>361 94 61 246</u>	<u>313 77 65 339</u>
Less: Closing Stock	31 54 29 656	31 37 17 619
	330 40 31 590	282 40 47 720
B Manufacturing Expenses		
Stores, Spares and Consumables		
Opening Stock	42 32 531	48 15 333
Add : Purchases	1 58 13 333	1 31 41 297
Less : Closing Stock	65 84 994	42 32 531
Stores, Spares and Consumables Consumed	<u>1 34 60 870</u>	<u>1 37 24 100</u>
Packing Materials Consumed	2 33 20 435	1 60 96 358
Power and fuel	13 69 13 859	10 14 37 261
Conversion charges paid	12 56 25 115	5 54 92 628
Repairs and Maintenance:		
Building	11 52 396	7 47 002
Machinery	96 17 083	1 02 42 881
Others	1 24 22 240	71 21 972
	32 25 11 998	20 48 62 202
C Personnel Expenses		
Salaries and Wages	31 41 33 655	25 92 51 922
Contribution to Provident and other Funds	3 53 96 738	2 97 86 099
Gratuity Expenses	-	86 28 969
Welfare Expenses	1 68 25 866	1 54 71 737
	36 63 56 259	31 31 38 727
TOTAL(A+B+C)	399 28 99 847	334 20 48 650

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

	31.03.2011 Rs.	31.03.2010 Rs.
SCHEDULE 17		
Administrative and Selling Cost		
A Administrative Cost		
Insurance	50 56 151	33 81 456
Rent	2 83 56 073	2 79 66 995
Donation	1 26 279	1 06 164
Rates and Taxes	34 10 492	35 49 760
Travelling and Conveyance	1 39 53 608	1 18 86 325
Communication Costs	68 72 533	82 17 728
Printing and Stationery	27 30 286	26 34 962
Legal and Professional Fees	1 53 27 993	2 33 76 769
Guest House Maintenance	1 43 688	1 75 285
Loss on sale of asset	-	3 02 474
Auditors' Remuneration:		
For Audit	4 25 000	4 11 030
For Tax Audit	1 50 000	1 50 000
For Tax Representation & Certification	3 35 000	2 73 540
For Service Tax & Expenses	1 24 091	64 375
Claims & Provision for Bad & Doubtful Debts	37 42 401	48 46 546
Provision For Doubtful Advances	35 51 135	-
Security Charges	62 79 461	62 77 753
General & Miscellaneous Expenses	43 76 965	43 12 037
Prior Year expenditure (Net)	-	(1 28 208)
	9 49 61 156	9 78 04 989
B Selling Cost		
Freight and Forwarding Expenses	36 53 240	1 49 46 643
Advertisement and Sales Promotion Expenses	7 66 112	6 42 750
Brokerage and Selling Commission	8 92 119	34 41 428
Sampling and Inspection	31 52 297	32 85 393
	84 63 768	2 23 16 214
TOTAL(A+B)	10 34 24 924	12 01 21 203
SCHEDULE 18		
Interest and other Finance Cost		
Interest on Term Loans	12 08 07 286	10 55 53 869
Interest on Other Loans	14 16 67 311	12 62 55 207
Finance Charges on HP	54 483	6 90 329
Bank Charges	88 77 103	1 94 47 771
	27 14 06 183	25 19 47 175
Less : Textile Upgradation Fund Subsidy	2 06 14 749	1 43 72 721
	25 07 91 434	23 75 74 454

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

**Schedule 6
FIXED ASSETS**

Sl No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance As on 01.04.2010	Additions during the Year	Sales/with drawal during the Year	Balance As on 31.03.2011	Upto 01.04.2010	for the Year	Depreciation withdrawn on Sales	Total	Balance as on 31.03.2011	Balance as on 31.03.2010
1	Land	4 02 63 930	-	-	4 02 63 930	-	-	-	-	4 02 63 930	4 02 63 930
2	Furniture & Fixtures	3 56 64 045	2 13 362	-	3 58 77 407	82 20 047	21 35 513	-	1 03 55 560	2 55 21 847	2 74 43 998
3	Motor Vehicles	2 34 72 593	-	25 45 284	2 09 27 309	93 88 499	22 42 623	9 33 297	1 06 97 825	1 02 29 484	1 40 84 094
4	Building	35 56 74 046	78 58 216	-	36 35 32 263	7 86 01 874	2 03 45 071	-	9 89 46 945	26 45 85 318	27 70 72 172
5	Plant & Machinery	133 55 14 550	2 88 99 125	3 27 216	136 40 86 459	26 89 81 486	7 04 29 365	1 80 932	33 92 29 919	102 48 56 540	106 65 33 064
6	Canteen Equipments	1 43 642	-	-	1 43 642	63 756	8 847	-	72 603	71 039	79 886
7	Computer Systems	1 35 28 731	92 111	-	1 36 20 842	80 73 990	22 00 427	-	1 02 74 417	33 46 425	54 54 741
8	Total	180 42 61 537	3 70 62 814	28 72 500	183 84 51 852	37 33 29 652	9 73 61 846	11 14 229	46 95 77 269	136 88 74 583	143 09 31 885
	Capital Work-in-Progress	6 02 13 199	2 90 29 356	2 14 93 525	6 77 49 030	-	-	-	-	6 77 49 030	6 02 13 199
	(Previous Year)	186 44 74 736	6 60 92 170	2 43 66 025	190 62 00 882	37 33 29 652	9 73 61 846	11 14 229	46 95 77 269	143 66 23 613	149 11 45 083
		(1 86 02 44 366)	-	(14 05 312)	(1 86 44 74 736)	(27 88 53 481)	(9 49 24 008)	(4 47 836)	(37 33 29 653)	(1 49 11 45 083)	(1 58 13 90 885)

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

**Schedule 13
PROVISIONS**

Description	Unused amounts reversed during the year				Balance as at 31.03.2011
	Balance as at 01.04.2010	Additions during the year	Amounts used during the year	Unused amounts reversed during the year	
Provision for Income Tax	5 82 65 376	1 95 384	-	-	5 84 60 760
Provision for FBT	25 19 527	3 01 056	-	4 29 993	23 90 590
Dividend Tax Payable	16 46 404	-	-	-	16 46 404
Previous Year	6 24 31 307	4 96 440	-	4 29 993	6 24 97 754
	(12 39 95 412)	-	(5 91 32 702)	(24 31 403)	(6 24 31 307)

Schedule 19 – Notes to Accounts (Annexed to and forming part of the Balance Sheet and Profit & Loss Account)**A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006 and with the provisions of the Companies Act, 1956.

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). Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to put to use.
- b. Depreciation is provided on Straight Line basis as per Schedule XIV to the Companies Act, 1956 at the rates specified therein and in respect of buildings on lease hold land, cost is amortized as depreciation over the period of lease.

3. INVENTORIES

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

4. FOREIGN CURRENCY TRANSACTION

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

5. REVENUE RECOGNITION

- a. Revenue in respect of sales is recognized on transfer of significant risks and rewards of ownership which is generally at the point of 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

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

9. TAXES ON INCOME

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

Current Tax

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

Deferred Tax

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

10. IMPAIRMENT OF ASSET

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

11. PROVISIONS & CONTINGENCIES:

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

B. OTHER NOTES

1. At the Annual General Meeting held on 28th September 2010, the share holders have approved the issue of 29,71,070 equity shares @ Rs.30 (including premium of Rs.20 per share of the face value of Rs.10 each) to the persons/entities in Promoter Group amounting to Rs.8.91 Crores by way of conversion of part of the unsecured loans as per details given below into equity shares.

Promoters/ Promoter Group/ Persons	Unsecured Loan as on 31 .03.2011	Amount used for approved preference shares
Nitin N Mandhana	5 11 36 095	4 84 14 000
Shashikant Mandhana	1 56 46 451	1 38 27 000
Prakash G Mandhana	37 72 000	19 71 000
Savita N Mandhana	19 00 000	18 99 900
Sneha A Mandhana	28 17 250	27 00 000
Kavita S Mandhana	2 03 20 439	2 03 20 200
Total	9 55 92 235	8 91 32 100

The Company has made necessary application to SEBI and the approval is awaited. The allotment of equity shares will be made after receipt of approval from SEBI.

2. Turnover of the company is net off Sales returns and trade discounts.
3. The Company has availed Debt Restructuring under the Corporate Debt Restructuring mechanism.
4. Estimated amounts of contracts remaining to be executed on capital account not provided for Rs 2,384 Lakhs (Previous year- Rs.1,873 Lakhs).
5. Contingent Liabilities :
- Bank Guarantee towards customs duty concession - Rs.42.91 Lakhs (Previous Year - Rs. 141.36 Lakhs)
 - Disputed Income tax demands not provided for-Rs1,177.61Lakhs .(Previous Year - NIL)
 - Corporate Guarantee given on behalf of other companies/subsidiary /firms/individuals - Rs.2,848 Lakhs (Previous Year - Rs.2,848 Lakhs);
6. 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.
7. 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.
8. Disclosure pursuant to Accounting Standard - 15 (revised) - Employee Benefit :
The Company has with effect from 1st April 2007, adopted Accounting Standard - 15 (revised). The Company has a defined Gratuity Plan wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded:

Defined Benefit Plan:	31.03.2011	31.03.2010
a) Change in present Value of Obligation:		
Present value of obligation as on 01.04.2010	86 28 969	64 36 088
Interest Cost	6 67 173	5 10 293
Current Service Costs	40 61 235	20 82 796
Benefits Paid	(5 78 623)	(1 69 210)
Actuarial Loss/(Gain) on obligation	(7 84 315)	(2 30 998)
Present value of obligation as on 31.03.2011	<u>1 19 94 439</u>	<u>86 28 969</u>

b) Change in the Fair value of Plan Assets:		
Fair Value of Plan Assets as on 01.04.2010	-	-
Contributions by employer	5 78 623	-
Expected Return on Plan Assets	-	-
Benefits Paid	(5 78 623)	-
Actuarial (Loss)/Gain on Plan Assets	-	-
Fair Value of Plan Assets as on 31.03.2011	-	-
Total actuarial Loss/(Gain) to be accounted	-	(2 30 998)
c) Actual Return on Plan Assets:		
Expected Return on Plan Assets		
Actuarial (Loss)/Gain on Plan Assets		
Actual Return on Plan Assets	-	-
d) Amount recognized in the Balance Sheet		
(Asset)/Liability as at 31.03.2011	11 994 439	86 28 969
Fair Value of Plan Assets as at 31.03.2011		
Difference	11 9 94 439	86 28 969
Unrecognized past service cost		
(Asset)/Liability recognized in the Balance Sheet	11 9 94 439	86 28 969
e) (Income)/Expenses recognized in the Profit & Loss Statement:		
Current service cost	40 61 235	20 82 796
Interest cost on benefit obligation	6 67 173	5 10 293
Expected Return on Plan Assets		
Net actuarial (gain)/Loss in the period	(7 84 315)	(2 30 998)
Net (benefit)/expense (Refer Note below)	39 44 093	23 62 091
f) Movement in net liability recognized in Balance Sheet:		
Opening Net Liability	86 28 969	64 36 088
Expenses as above (Expense recognized in P&L)	39 44 093	21 92 881
Employers Contribution- Benefits Settled	(5 78 623)	(1 69 210)
(Asset)/Liability recognized in the Balance Sheet	1 19 94 439	86 28 969
g) Principal actuarial assumptions as at Balance Sheet Date:		
Discount rate:	8%	8%
(The rate of discount is considered based on market yield on Government Bonds)		
Expected rate of return on Plan Assets	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%

Note

The excess provisions created towards gratuity during the earlier years have been reversed during the year resulting in credit balance amounting to Rs.23 22 785/- Which is included in other income.

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

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

11. Operating Lease:

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

Particulars	31.03.2011	31.03.2010
Within one year of the balance sheet date *	2 57 69 124	2 57 69 124
Due in a period between one year and five years *	9 44 62 987	10 24 26 660
Due after 5 years*	2 70 91 848	2 04 85 332

*- Lease obligations are considered based on the operating lease period mentioned in the agreement. The Company has not renewed the agreement for its office in Chennai from 31st May 2009 and its Mumbai office which expires on 31st March 2011. Hence the operating obligation to that effect is not considered above.

12. 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.

13. 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	31.03.2011	31.03.2010
Weaving Division	No of Looms	132	132
Apparels Division	Pieces	51 00 000	36 00 000

2 Production:

Class of Goods	UOM	31.03.2011 Qty	31.03.2010 Qty
Weaving-Fabrics (incl outsourced merchandising)	Mtrs	3 42 87 496	2 94 84 266
Garments (Including Conversion work)	Pcs	19 49 142	19 92 826

3 Opening & Closing Stock & Sales of Finished Goods:

Class of Goods	UOM	Opening Stock		Closing Stock		Sales	
		Qty	Value	Qty	Value	Qty	Value
Weaving-Fabrics (incl outsourced merchandising)	Mtrs	39 62 531	40 68 69 529	16 75 330	18 29 57 820	3 65 74 697	3 51 09 55 839
		(50 06 955)	(45 13 18 690)	(39 62 531)	(40 68 69 529)	(3 05 28 691)	(297 35 95 699)
Garments	Pcs	77 192	2 51 99 746	1 33 393	2 93 96 573	18 92 941	59 28 25 889
		(2 17 363)	(3 82 27 392)	(77 192)	(2 51 99 746)	(21 32 997)	(57 62 06 669)
Other Sales							29 07 90 904

4 Consumption of Raw materials:

Particulars	UOM	31.03.2011		31.03.2010	
		QTY	Value	QTY	Value
Yarn	Kgs	-	-	18 121	19 20 850
Weaving-Cotton Yarn	Kgs	17 82 156	37 58 04 559	11 17 211	16 53 47 217
Others incl. Fabric, Trims, Dyes, Chemicals		-	2 92 82 27 031	-	2 65 67 79 653
TOTAL			3 30 40 31 590		2 82 40 47 720

5 Value of imports calculated on C I F basis :

Particulars	Amount	
	31.03.2011	31.03.2010
Raw Material	6 47 24 894	2 57 81 091
Components & Spare parts	92 92 485	5 57 215
Capital Goods	2 46 73 077	4 67 164

6 Consumption of Spare parts & Components :

Particulars	Imported		Indigenous	
	Value	%	Value	%
Spare parts	92 92 485	69%	41 68 385	31%
Raw Materials	6 47 24 894	2%	323 93 06 696	98%
TOTAL	7 40 17 379		324 27 15 603	

7 Earnings & Expenditure in Foreign currency during the year:

	Rs.	
	31.03.2011	31.03.2010
Earnings		
Exports - FOB Value	58 82 66 348	47 73 67 228
Expenditure		
Import of capital Goods	2 22 14 950	4 67 164
Import of Raw Materials-CIF	6 47 24 894	2 57 81 091
Travelling Expenses	15 69 270	8 62 377
Dividend Proposed	-	-
Others	5 46 78 369	-

8 Deferred Tax:

Particulars	As at 31.3.2011	As at 31.3.2010
Deferred Tax Liability on account of:		
Depreciation	18 69 34 300	18 69 34 300
Others	1 23 00 000	-

Total	19 92 34 300	18 69 34 300
Deferred Tax Assets:		
Employee Benefits		
Unabsorbed Business Loss/ Depreciation	19 85 50 000	20 15 50 000
Others		
Total	19 85 50 000	20 15 50 000
Deferred Tax Liability/ (Asset) (Net)	6 84 300	(1 46 15 700)

9 Earnings Per Share:

Particulars	2011	2010
Profit After Tax	2 12 32 008	(35 83 13 618)
Number of shares	1 93 87 447	1 93 87 447
Basic Earnings per share: Basic & Diluted	1.10	(18.48)

10 Bank Balances

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

14. Related Party Transaction Disclosure as Per AS48
Transactions with Associates :-

Sl.No	Particulars	Transactions during the year Amount	Out Standing as on 31.03.11	Provision for Doubtful Debts as on 31.03.11	Amount written off during the year
1	Conversion Charges received	383 28 295	-	-	-
2	Conversion Charges provided	25 01 26 421	6 41 36 869	-	-
3	Purchase of goods	52 32 600	1 79 000	-	-
4	Others	54 41 500	(18 18 062)	-	-

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)

IndusFila

- 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
- 19 Vir Retail Private Limited
- 20 Tulsi Weaving Mills

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

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.,
Chartered Accountants
FRN- 004283S

(G. Rangarajan)
Partner
Membership No. 24107

(Shashikant G Mandhana)
Executive Director

(Hansraj Rathor)
Chief Finance Officer & Company
Secretary

Place: Bangalore
Date : 30.05.2011

A) Cash Flow Statement for the Year ended 31st March 2011 :

	Amount Rs. 2010-2011	Amount Rs. 2009-2010
Net Profit as per Profit & Loss Account	3 73 45 725	(49 91 81 238)
Adjustments made :		
Provision for Gratuity	-	86 28 969
Depreciation	9 73 61 846	9 49 24 008
Loss/(Profit) on Sale of Fixed Assets	(37 531)	3 02 474
Interest Received	(4 12 928)	(1 02 07 655)
Other Income	(91 94 487)	(93 96 792)
Finance Cost	25 07 91 434	23 75 74 454
	<u>33 85 08 334</u>	<u>32 18 25 458</u>
Operating Profit before Working Capital Changes	<u>37 58 54 059</u>	<u>(17 73 55 780)</u>
(Increase)/Decrease in Stock	(2 58 92 230)	32 90 73 289
(Increase)/Decrease in Sundry Debtors	1 98 13 010	(24 31 97 112)
(Increase)/ Decrease in Loans & Advances	(2 11 86 764)	18 26 39 722
Increase/(Decrease) in Sundry Creditors	(22 77 98 759)	15 13 91 171
	<u>(25 50 64 742)</u>	<u>41 99 07 070</u>
Cash generated from Operations	<u>12 07 89 317</u>	<u>24 25 51 290</u>
Income Taxes Paid	-	(14 79 671)
Cash Flow before Extraordinary item	<u>12 07 89 317</u>	<u>24 10 71 619</u>
Net Cash from Operating Activities :	12 07 89 317	24 10 71 619
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(4 45 98 645)	(56 35 682)
Increase in Investment	-	(54 00 000)
Proceeds on Disposal of Fixed Assets	17 95 802	6 55 001
Interest Received	4 12 928	1 02 07 655
Other Income	91 94 487	93 96 792
Net Cash from Investing Activities :	(3 31 95 428)	92 23 766
Cash Flows from Financing Activities		
Proceeds from Secured Loans	16 95 29 377	21 50 91 928
Proceeds from Unsecured Loans	(44 44 069)	(22 95 64 932)
Interest Paid	(25 07 91 434)	(23 75 74 454)
Net Cash from Financing Activities :	(8 57 06 126)	(25 20 47 458)
Cash and Cash equivalents at beginning of period	18 87 763	(17 52 073)
	<u>2 11 14 854</u>	<u>2 28 66 927</u>
Cash and Cash equivalents at end of period	<u>2 30 02 618</u>	<u>2 11 14 854</u>

For and on behalf of the Board of Directors

(Nitin N Mandhana)
Vice Chairman & Managing Director

Vide our report of even date attached
For SURI & CO.,
Chartered Accountants
FRN-004283S

(Shashikant G Mandhana)
Executive Director

(G Rangarajan)
Partner
Membership No. 024107

(V. Balaji Bhat)
Director

Place: Bangalore
Date: 30.05.2011

(Hansraj Rathor)
Chief Finance Officer & Company Secretary

To

The Board of Directors,
Indus Fila Limited,
Bangalore

We have audited the attached Consolidated Balance Sheet of Indus Fila Limited as at 31st March 2011 and Consolidated Profit and Loss Account and also the Consolidated 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 these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis of our opinion.

We did not audit the financial statements of the subsidiary Indus Garments Private Limited whose financial statements reflect total assets of Rs.26.96 Crores as at 31st March 2011, total revenues of Rs.118.30 Crores and cash flows amounting to Rs.(0.11) Crores for the year ended whose financial statements were audited by other auditors. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements issued by the Institute of Chartered Accountants of India to the extent they are applicable.

Based on our audit and on consolidation of the reports of the other auditors on separate financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a. in the case of the Consolidated Balance Sheet, of the State of affairs of the Group as at 31st March 2011
- b. in the case of the Consolidated Profit and Loss Account, of the PROFIT for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year.

Place : Bangalore
Date : May 30, 2011

For SURI & CO.,
Chartered Accountants

G. Rangarajan
Partner
Firm Regn No.0042838

BALANCE SHEET AS AT 31ST MARCH 2011

	SCHEDULE	<u>Consolidated</u> 31.03.2011 Rs	<u>Consolidated</u> 31.03.2010 Rs
<u>SOURCES OF FUNDS:</u>			
Shareholders' Funds:			
Capital	1	18 99 89 470	18 99 89 470
Reserves and Surplus	2	95 65 71 577	95 65 71 577
		<u>114 65 61 047</u>	<u>114 65 61 047</u>
Loan Funds:			
Secured Loans	3	278 83 46 213	261 56 78 832
Unsecured Loans	4	12 55 73 350	12 52 35 638
		<u>291 39 19 563</u>	<u>274 09 14 470</u>
Deferred Tax Liability (Net)	5	1 15 77 823	-
TOTAL		<u>407 20 58 433</u>	<u>388 74 75 517</u>
<u>APPLICATION OF FUNDS:</u>			
Fixed Assets:			
Gross Block	6	197 43 82 537	192 53 68 562
Less: Depreciation		48 72 12 271	38 63 12 635
		<u>148 71 70 266</u>	<u>153 90 55 927</u>
Add: Capital Work in Progress		6 77 49 030	6 02 13 199
Net Block		<u>155 49 19 296</u>	<u>159 92 69 126</u>
Investments	7	10 200	10 200
Deferred Tax Asset (Net)		-	50 18 375
Current Assets, Loans and Advances:			
Inventories	8	90 09 90 267	80 22 81 271
Sundry Debtors	9	200 54 91 615	201 47 73 464
Cash and Bank Balances	10	2 70 09 752	2 62 16 811
Loans and Advances	11	27 79 87 870	24 64 61 453
		<u>321 14 79 504</u>	<u>308 97 32 999</u>
Less: Current Liabilities and Provisions:			
Current Liabilities	12	78 74 14 059	94 59 03 108
Provisions	13	6 24 97 754	6 24 31 307
		<u>84 99 11 813</u>	<u>100 83 34 415</u>
Net Current Assets		<u>236 15 67 691</u>	<u>208 13 98 584</u>
Miscellaneous Expenditure		<u>15 55 61 246</u>	<u>20 17 79 232</u>
Debit Balance in Profit & Loss account		<u>15 55 61 246</u>	<u>20 17 79 232</u>
TOTAL		<u>407 20 58 433</u>	<u>388 74 75 517</u>

Notes to Accounts

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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

Vide our report of even date attached
For SURI & CO.,
Chartered Accountants
FRN-004283S

(G Rangarajan)
Partner
Membership No. 024107

(Nitin N Mandhana)
Vice Chairman & Managing Director

(Shashikant G Mandhana)
Executive Director

(V. Balaji Bhat)
Director

(Hansraj Rathor)
Chief Finance Officer & Company Secretary

Place: Bangalore
Date: 30.05.2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE No.	Consolidated 31.03.2011 Rs.	Consolidated 31.03.2010 Rs.
INCOME			
Turnover		519 23 01 938	408 27 74 390
Export incentive		12 01 22 927	6 92 49 207
Increase/(Decrease) in Stock	14	7 43 07 212	(19 90 46 776)
Other Income	15	98 79 257	2 43 35 055
TOTAL		539 66 11 334	397 73 11 876
EXPENDITURE			
Input Cost	16	480 02 85 670	377 51 58 016
Administrative and Selling Cost	17	15 23 26 363	13 49 22 715
		495 26 12 033	391 00 80 731
Profit Before Interest, Depreciation and Tax		44 39 99 301	6 72 31 145
Depreciation	6	10 20 13 865	9 74 40 317
Profit Before Interest and Tax		34 19 85 436	(3 02 09 172)
Interest and other Finance Cost	18	25 34 67 947	24 22 28 438
Foreign Exchange Loss (Gain)		1 23 09 589	21 03 09 822
Profit Before Tax		7 62 07 900	(48 27 47 432)
Provision for Taxation			
Current		1 25 80 000	3 63 000
Fringe Benefit		-	16 708
		1 25 80 000	3 79 708
Profit after Current tax		6 36 27 900	(48 31 27 140)
Deferred		1 65 96 198	(13 59 64 000)
Earlier year taxes(net)		8 13 717	14 79 671
Profit after deferred and earlier years tax		4 62 17 985	(34 86 42 811)
Add: Balance Brought Forward from earlier year		(20 17 79 231)	13 18 63 579
		(15 55 61 246)	(21 67 79 232)
Less: Appropriations			
Withdrawal from General reserve			(1 50 00 000)
Balance Carried to Balance Sheet		(15 55 61 246)	(20 17 79 232)
		(15 55 61 246)	(21 67 79 232)
Earnings per Share (Not annualized)			
Basic		2.38	(17.98)
Diluted		2.38	(17.98)
Number of Shares used in computing Earnings per share			
Basic & Diluted		1 93 87 447	1 93 87 447

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

Vide our report of even date attached

For SURI & CO.,
Chartered Accountants
FRN-004283S

(Nitin N Mandhana)
Vice Chairman & Managing Director

(Shashikant G Mandhana)
Executive Director

(G Rangarajan)
Partner
Membership No. 024107

(V. Balaji Bhat)
Director

Place: Bangalore
Date: 30.05.2011

(Hansraj Rathor)
Chief Finance Officer & Company Secretary

SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2011

	<u>Consolidated</u> 31.03.2011 Rs.	<u>Consolidated</u> 31.03.2010 Rs.
SCHEDULE 1		
Share Capital		
Authorised 4,00,00,000 Equity Shares of Rs.10/ each	40 00 00 000	40 00 00 000
Issued, Subscribed and Paid-up		
1,93,75,156 Shares of Rs.10/- each fully paid-up (Of the above 78,27,750 shares are allotted as fully paid - up by way of bonus shares by capitalization of Reserves & Surplus)	19 37 51 560	19 37 51 560
Less: Amount recoverable from ESOP Trust (Face value of 4,56,000 shares allotted to the Trust)	38 85 000	38 85 000
	<u>18 98 66 560</u>	<u>18 98 66 560</u>
Share Capital Suspense	1 22 910	1 22 910
	<u>18 99 89 470</u>	<u>18 99 89 470</u>
SCHEDULE 2		
Reserves and Surplus		
Securities Premium Account (A)		
Balance as per last Balance Sheet	87 23 84 410	87 23 84 410
General Reserve:(B)		
Balance as per last Balance Sheet	-	1 50 00 000
Less : Adjusted as per contra	-	(1 50 00 000)
Capital Reserve	7 93 11 577	7 93 11 577
Amalgamation Reserve	48 75 590	48 75 590
Balance in profit & Loss A/C	-	-
TOTAL (A+B)	<u>95 65 71 577</u>	<u>95 65 71 577</u>
SCHEDULE 3		
Secured Loans		
Loans and Advances from Banks		
Term Loans from banks	134 94 48 824	138 45 52 469
Cash Credit and other working capital facility	143 87 10 312	123 06 78 239
Vehicle loans from Banks	1 87 077	4 48 124
	<u>278 83 46 213</u>	<u>261 56 78 832</u>
Note :		
1. Term Loans : Pari-Passu First charge on entire fixed assets of the companies factory location at Nanjangud & Nelamangala with one another.		
2. Cash Credit & other Working Capital : Pari-Passu first charge on Raw Material, Work in progress, Finished Goods, Stores & Spares & receivable existing & Future		
3. Term Loans & Working Capital Loans are secured by personal guarantee of Managing Director & Executive Director.		
SCHEDULE 4		
Unsecured Loans - From Promoters & Associates:		
Inter-Corporate Deposit	2 48 51 900	2 92 75 969
From Directors & Associates	9 59 39 669	9 59 59 669
From Others	47 81 781	-
	<u>12 55 73 350</u>	<u>12 52 35 638</u>

SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2011

	<u>Consolidated</u> 31.03.2011 Rs.	<u>Consolidated</u> 31.03.2010 Rs.
SCHEDULE 5		
Deferred Tax Assets (net)		
Deferred Tax Liabilities		
Difference due to Depreciation and Others	21 25 45 237	19 71 14 617
Deferred Tax Assets		
Towards Business Losses & Unabsorbed Depreciation	20 09 67 414	20 21 32 992
Deferred Tax Liabilities/ (Assets)	<u><u>1 15 77 823</u></u>	<u><u>(50 18 375)</u></u>
SCHEDULE 7		
Investments		
Long Term-Trade		
In Government Securities-		
National Savings Certificate	10 200	10 200
	<u><u>10 200</u></u>	<u><u>10 200</u></u>
SCHEDULE 8		
Inventories (As certified by the Management)		
Stores and spares	1 56 09 581	85 62 014
Raw Material and Consumables	33 85 08 196	25 32 40 140
Work-in-Progress	30 91 68 924	25 06 07 435
Finished Goods	23 77 03 566	28 98 71 682
	<u><u>90 09 90 267</u></u>	<u><u>80 22 81 271</u></u>
SCHEDULE 9		
Sundry Debtors - Unsecured		
Considered Good		
Debts outstanding for a period exceeding six months	48 09 42 337	72 89 96 103
Other Debts	152 45 49 278	128 57 77 361
Considered Doubtful		
Debts outstanding for a period exceeding six months	61 46 555	28 23 053
Less : Provision	<u>(61 46 555)</u>	<u>(28 23 053)</u>
	<u><u>200 54 91 615</u></u>	<u><u>201 47 73 464</u></u>

SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2011

	<u>Consolidated</u> 31.03.2011 Rs.	<u>Consolidated</u> 31.03.2010 Rs.
SCHEDULE 10		
Cash and Bank Balances		
Cash	65 95 666	57 86 883
Balances with Scheduled Banks		
In Current Accounts Including Cheques on Hand	1 26 34 752	64 66 834
In Deposit Accounts	77 79 334	1 39 63 094
	<u>2 70 09 752</u>	<u>2 62 16 811</u>
SCHEDULE 11		
Loans and Advances - Unsecured		
Considered Good		
Advances recoverable in Cash or kind or for value to be received in the course of business	17 00 77 037	14 65 55 532
Deposits	4 91 32 114	4 86 06 888
Tax payments pending adjustments	5 85 35 962	5 11 20 228
Prepaid expenses	2 42 757	1 78 805
Considered Doubtful	36 96 700	1 47 86 800
Less: Written off	(36 96 700)	(1 47 86 800)
	<u>27 79 87 870</u>	<u>24 64 61 453</u>
SCHEDULE 12		
Current Liabilities		
Sundry Creditors		
For Capital Goods	3 12 69 782	2 10 69 108
For Others	71 88 15 036	90 71 99 289
Advance from Customers	2 19 67 335	18 75 264
Provision for Gratuity	1 35 70 595	1 51 08 178
Un-claimed Dividend *	22 994	22 994
Due to Directors	17 68 317	6 28 275
Dues to Micro, Small & Medium Enterprises		
Interest paid/payable to Micro, Small & Medium Enterprises		
	<u>78 74 14 059</u>	<u>94 59 03 108</u>
SCHEDULE 14		
Increase in Stock		
Finished Goods		
Closing Stock	23 77 03 566	22 19 57 843
Opening Stock	22 19 57 843	39 69 69 025
	<u>1 57 45 723</u>	<u>(17 50 11 182)</u>
Work-in-Progress		
Closing Stock	30 91 68 924	25 06 07 435
Opening Stock	25 06 07 435	27 46 43 029
	<u>5 85 61 489</u>	<u>(2 40 35 594)</u>
Total	<u>7 43 07 212</u>	<u>(19 90 46 776)</u>

SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2011

	<u>Consolidated</u> 31.03.2011 Rs.	<u>Consolidated</u> 31.03.2010 Rs.
SCHEDULE 15		
Other Income		
Interest Received	6 07 271	1 03 69 096
Miscellaneous Income	92 71 986	1 39 65 958
	<u>98 79 257</u>	<u>2 43 35 055</u>
SCHEDULE 16		
Input Cost		
A Material Consumed		
Opening Stock	32 11 53 979	41 63 96 342
Add: Purchases	389 69 07 271	298 12 81 697
Carriage Inwards and other expenses	<u>2 10 66 180</u>	<u>1 40 80 171</u>
	423 91 27 430	341 17 58 210
Less: Closing Stock	<u>33 85 08 196</u>	<u>32 11 53 979</u>
	<u>390 06 19 234</u>	<u>309 06 04 231</u>
B Manufacturing Expenses		
Stores, Spares and Consumables		
Opening Stock	85 62 015	54 32 333
Add : Purchases	2 39 69 695	2 94 19 909
Less : Closing Stock	<u>1 56 09 581</u>	<u>85 62 014</u>
Stores, Spares and Consumables Consumed	1 69 22 129	2 62 90 228
Packing Materials Consumed	3 16 38 592	1 79 19 348
Power and fuel	14 77 66 845	10 45 89 369
Conversion Charges paid	14 67 72 175	14 99 44 719
Repairs and Maintenance:		
Building	15 01 887	8 18 072
Machinery	1 13 82 246	1 12 50 480
Others	1 42 14 514	78 09 725
	<u>37 01 98 388</u>	<u>31 86 21 941</u>
C Personnel Expenses		
Salaries and Wages	45 72 43 312	30 60 64 378
Contribution to Provident and other Funds	5 31 84 698	3 53 11 731
Gratuity Expenses	13 63 825	88 41 300
Welfare Expenses	<u>1 76 76 213</u>	<u>1 57 14 434</u>
	<u>52 94 68 048</u>	<u>36 59 31 843</u>
TOTAL(A+B+C)	<u>480 02 85 670</u>	<u>377 51 58 015</u>

SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2011

	<u>Consolidated</u> 31.03.2011 Rs.	<u>Consolidated</u> 31.03.2010 Rs.
SCHEDULE 17		
Administrative and Selling Cost		
A Administrative Cost		
Insurance	54 87 327	34 20 777
Rent	4 90 90 993	3 54 18 185
Donation	1 26 279	1 16 164
Rates and Taxes	53 73 921	38 17 633
Travelling and Conveyance	1 66 32 652	1 20 99 957
Communication Costs	69 18 586	82 21 149
Printing and Stationery	35 24 970	34 80 969
Legal and Professional Fees	1 66 41 402	2 43 73 194
Guest House Maintenance	1 43 688	1 75 285
Loss on sale of asset	-	3 02 474
Auditors' Remuneration:		
For Audit	5 50 000	5 36 030
For Tax Audit	2 00 000	2 00 000
For Tax Representation & Certification	3 35 000	2 73 540
For Service Tax & Expenses	1 42 116	82 400
Claims & Provision for Bad & Doubtful Debts	38 34 323	52 63 211
Provision For Doubtful Advances	35 51 135	-
Security Charges	84 50 276	72 64 999
General & Miscellaneous Expenses	46 38 534	44 38 413
Prior Year expenditure (Net)	32 237	(1 28 208)
	<u>12 56 73 439</u>	<u>10 93 56 171</u>
B Selling Cost		
Freight and Forwarding Expenses	2 16 96 096	1 77 95 661
Advertisement and Sales Promotion Expenses	9 12 412	10 44 062
Brokerage and Selling Commission	8 92 119	34 41 428
Sampling and Inspection	31 52 297	32 85 393
	<u>2 66 52 924</u>	<u>2 55 66 544</u>
TOTAL(A+B)	<u>15 23 26 363</u>	<u>13 49 22 715</u>
SCHEDULE 18		
Finance Cost		
Interest on Term Loans	12 08 07 286	10 66 73 732
Interest on Other Loans	14 39 42 766	12 93 52 841
Finance Charges on HP	54 483	6 90 329
Bank Charges	92 78 161	1 98 84 258
	<u>27 40 82 696</u>	<u>25 66 01 159</u>
Less : Textile Upgradation Fund Subsidy	2 06 14 749	1 43 72 721
	<u>25 34 67 947</u>	<u>24 22 28 438</u>

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

Schedule 6.
FIXED ASSETS

Sl No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Balance As on 01.04.2010	Additions during the Year	Sales/with drawal during the Year	Balance As on 31.03.2011	Upto 01.04.2010	for the Year	Depreciation withdrawn on Sales	Total	Balance as on 31.03.2011	Balance as on 31.03.2010
1	Land	4 02 63 930	-	-	4 02 63 930	-	-	-	-	4 02 63 930	4 02 63 930
2	Furniture & Fixtures	5 64 92 208	17 04 222	-	5 81 96 430	1 03 04 552	25 35 791	-	1 28 40 343	4 53 56 087	4 61 87 656
3	Motor Vehicles	2 46 48 650	-	25 45 284	2 21 03 366	99 42 495	23 54 348	9 33 297	1 13 63 546	1 07 39 820	1 47 06 155
4	Building	38 42 12 125	93 86 823	-	39 35 98 948	8 00 28 133	2 12 71 405	-	10 12 99 538	29 22 99 410	30 41 83 992
5	Plant & Machinery	140 25 55 669	4 07 03 317	3 27 216	144 29 31 770	27 69 02 692	7 35 41 587	1 80 932	35 02 63 347	109 26 68 423	112 56 52 977
6	Canteen Equipments	1 43 642	-	-	1 43 642	63 756	8 847	-	72 603	71 039	79 886
7	Computer Systems	1 70 52 339	92 111	-	1 71 44 450	90 71 007	23 01 887	-	1 13 72 894	57 71 556	79 81 332
	Total	192 53 68 563	5 18 86 473	28 72 500	197 43 82 537	38 63 12 635	10 20 13 865	11 14 229	48 72 12 271	148 71 70 265	153 90 55 928
8	Capital Work-In-Progress	6 02 13 199	2 90 29 356	2 14 93 525	6 77 49 030	-	-	-	-	6 77 49 030	6 02 13 199
	Previous year	198 55 81 762	8 09 15 829	2 43 66 025	204 21 31 567	38 63 12 635	10 20 13 865	11 14 229	48 72 12 271	155 49 19 295	159 92 69 127
		(1 93 20 06 200)	(5 49 80 874)	(14 05 312)	(1 98 55 81 762)	(28 93 20 154)	(9 74 40 317)	(4 47 836)	(38 63 12 635)	(1 59 92 69 127)	

(Figures in Rs.)

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

Schedule 13
PROVISIONS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	Balance as at 01.04.2010	Additions during the year	Amounts used during the year	Unused amounts reversed during the year	Balance as at 31.03.2011	Upto 01.04.2010	for the Year	Depreciation withdrawn on Sales	Total	Balance as on 31.03.2011	Balance as on 31.03.2010
Provision for Income Tax	5 82 65 376	1 95 384	-	-	5 84 60 760	-	-	-	-	5 84 60 760	5 84 60 760
Provision for FBT	25 19 527	3 01 056	-	4 29 993	23 90 590	-	-	-	-	23 90 590	23 90 590
Dividend Tax Payable	16 46 404	-	-	-	16 46 404	-	-	-	-	16 46 404	16 46 404
Previous Year	6 24 31 307	4 96 440	-	4 29 993	6 24 97 754	-	-	-	(5 91 32 702)	6 24 31 307	(6 24 31 307)
	(12 39 95 412)	-	-	(24 31 403)	(6 24 31 307)	-	-	-	(38 63 12 635)	(1 59 92 69 127)	

(Figures in Rs.)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31.03.2011****Schedule - 19****Notes to Accounts****A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

1. USE OF ESTIMATES

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

2. FIXED ASSETS AND DEPRECIATION

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

3. INVENTORIES

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

4. FOREIGN CURRENCY TRANSACTION

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

5. REVENUE RECOGNITION

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

6. RETIREMENT BENEFITS

- a. Defined Contribution Plan :-

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

b. Defined Benefit Plan :-

The liability for defined benefit plan of the gratuity is determined on the basis of actuarial valuation at the end of the 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

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

9. TAXES ON INCOME

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

Current Tax

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

Deferred Tax

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

10. IMPAIRMENT OF ASSET

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

11. PROVISIONS & CONTINGENCIES:

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

12. BASIS FOR CONSOLIDATION:

The consolidated financial statements are prepared in accordance with the Accounting Standards 21 (Consolidated Financial Statements) issued by the Institute of Chartered accountants of India.

B. OTHER NOTES:
1. CONSOLIDATION PROCEDURE:

The consolidated Financial Statements ("CFS") has been prepared on the basis of audited financial statement of the Parent company Viz. Indus Fila Limited for the year ended 31.03.2011 and its subsidiary viz. Indus Garments (India) Private Limited, Bangalore (Shareholding 100%) for the year ended 31.03.2011. The financial statements of the Parent and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra-group transactions and unrealized profit/ loss.

2. Turnover of the company is net off Sales returns and trade discounts.
3. The Company has availed Debt Restructuring under the Corporate Debt Restructuring mechanism.
4. Estimated amount of contracts remaining to be executed on capital account, not provided for Rs.2384 Lakhs (Previous year- Rs.1872.72 Lakhs).
5. Contingent Liabilities :
 - i. Bank Guarantee towards customs duty concession / stock exchange listing compliance - Rs.42.91 Lakhs (Previous year-Rs. 141.36 Lakhs);
 - ii. Disputed Income tax demands not provided for-Rs 1177.61Lakhs .(Previous Year - NIL)
 - iii. Corporate Guarantee given on behalf of other companies / subsidiary / firms / individuals - Rs.2848 Lakhs (Previous year-Rs.2848 Lakhs).
6. 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.
7. The Company is not in the possession of details required for the purpose of classification of credits 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.
8. Disclosure pursuant to Accounting Standard - 15 (revised) - Employee Benefit :
The Company has with effect from 1st April 2007, adopted Accounting Standard - 15 (revised). The Company has a defined Gratuity Plan wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

	Defined Benefit Plan:	31.03.2011	31.03.2011	31.03.2010
		IFL	IGPL	
a)	Change in present Value of Obligation:			
	Present value of obligation as on 31.03.2011	86 28 969	2 12 331	64 36 088
	Interest Cost	6 67 173	16 986	510293
	Current Service Costs	40 61 235	14 50 329	2295127
	Benefits Paid	(5 78 623)	-	(169210)
	Actuarial Loss/(Gain) on obligation	(7 84 315)	(1 03 490)	(230998)
	Present value of obligation as on 31.03.2011	1 19 94 439	15 76 156	8841300
b)	Change in the Fair value of Plan Assets:			
	Fair Value of Plan Assets as on 01.03.2011	-	-	-
	Contributions by employer	5 78 623	-	-
	Expected Return on Plan Assets	-	-	-

	Benefits Paid	(5 78 623)	-	-
	Actuarial (Loss)/Gain on Plan Assets	-	-	-
	Fair Value of Plan Assets as on 31.03.2011	-	-	-
	Total actuarial Loss/(Gain) to be accounted	-	-	(2 30 998)
	c) Actual Return on Plan Assets:			
	Expected Return on Plan Assets	-	-	-
	Actuarial (Loss)/Gain on Plan Assets	-	-	-
	Actual Return on Plan Assets	-	-	-
	d) Amount recognized in the Balance Sheet			
	(Asset)/Liability as at 31.03.2011	1 19 94 439	(15 76 156)	84 16 638
	Fair Value of Plan Assets as at 31.03.2011			
	Difference	1 19 94 439	(15 76 156)	84 16 638
	Unrecognized past service cost			
	(Asset)/Liability recognized in the Balance Sheet	1 19 94 439	(15 76 156)	84 16 638
	e) (Income)/Expenses recognized in the Profit & Loss Statement:			
	Current service cost	40 61 235	14 50 329	22 95 127
	Interest cost on benefit obligation	6 67 173	16 986	5 10 293
	Expected Return on Plan Assets			
	Net actuarial (gain)/Loss in the period	(7 84 315)	(1 03 490)	(2 30 998)
	Net (benefit)/expense (Refer note below)	39 44 093	13 63 825	25 74 422
	f) Movement in net liability recognized in Balance Sheet:			
	Opening Net Liability	86 28 969		64 3 6088
	Expenses as above (Expense recognized in P&L)	39 44 093		25 74 422
	Employers Contribution	(5 78 623)		(3 81 541)
	(Asset)/Liability recognized in the Balance Sheet	1 19 94 439		86 28 969
	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%
	(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%

Note

The excess provisions created towards gratuity during the earlier years have been reversed during the year resulting in credit balance amounting to Rs.23 22 785/- which is included in other income.

9. 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.
10. The company operates in one segment, viz., Textiles.
11. Operating Lease:
The maximum obligations on long term non-cancelable operating lease payable as per the rentals stated in the lease agreement are:

	31.03.2011	31.03.2010
Within one year of the balance sheet date*	3 57 04 044	2 57 69 124
Due in a period between one year and five years*	14 10 76 376	10 24 26 660
Due after 5 years*	5 66 54 445	2 04 85 332

* Lease obligations are considered based on the operating lease period mentioned in the agreement. The Company has not renewed the agreement for its office in Chennai from 31st May 2009 and its Mumbai office which expires on 31st March 2011. Hence the operating obligation to that effect is not considered above.

12. Deferred Tax Liability:

Particulars	As at 31.3.2011	As at 31.3.2010
Deferred Tax Liability on account of:		
Depreciation and others	21 25 45 236	19 71 14 617
Total	21 25 45 236	19 71 14 617
Deferred Tax Assets:		
Unabsorbed Business Loss/ Depreciation	20 09 67 414	20 21 32 992
Total	20 09 67 414	20 21 32 992
Deferred Tax Liability/ (Asset) (Net)	1 15 77 822	(50 18 375)

13. Related Party Transaction Disclosure as Per AS-18

Transactions with Associates:-

	Transactions during the year Amount	Out Standing as on 31.03.11	Provision for Doubtful Debts as on 31.03.11	Amount written off during the year
1 Conversion charges received	383 28 295	-	-	-
2 Purchase of goods	52 32 600	1 79 000	-	-
3 For Remuneration	15 00 000	11 48 000	-	-
4 For Expenses - Rent	1 08 00 000	57 69 800	-	-
5 Others	54 41 500	(18 18 062)	-	-
6 Provisions for Doubtful debts / written off	-	-	-	-

Transaction with the key Management Personnel:-

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

Transaction with relatives of key Management Personnel:-

- 1 Mrs. Savita Mandhana
- 2 Mrs. Kavita Mandhana
- 3 Mrs. Neeta Mandhana
4. Mrs Sneha Mandhana
5. Mrs Nirmala Mandhana
6. Mrs Leelavati 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 Avinash Weaving Mills Pvt. Ltd.
- 5 Indus Infoways Pvt. Ltd
- 6 Kamal Kishor Finvest Pvt Ltd
- 7 Kavita Weaving Mills Pvt. Ltd.
- 8 Neeta Weaving Mills Pvt. Ltd.
- 9 Niharika Weaving Mills Pvt. Ltd.
- 10 Nirmala Hosieries Mills Pvt. Ltd.
- 11 Parag Investment Pvt. Ltd.
- 12 Propellor Infotech
- 13 Savita Textiles Pvt. Ltd.
- 14 Siddhant Spinning & Weaving Mills Pvt. Ltd.
- 15 Vedant Weaving Mills Pvt. Ltd.
- 16 VIR Retail Private Limited
- 17 Indus Textiles Private Limited
- 18 Indus TechPark Private limited
- 19 International Textile Corporation

14. Earnings Per Share:

Particulars	2011	2010
Profit After Tax	4 56 35 579	(34 86 42 810)
Number of shares	1 93 87 447	1 93 87 447
Basic Earnings per share: Basic & Diluted	2.35	(17.98)

15. Previous year figures have been regrouped / reclassified wherever necessary.

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.,
Chartered Accountants
FRN- 004283S**

**(G. Rangarajan)
Partner
Membership No. 24107**

**(Nitin N Mandhana)
Vice Chairman & Managing
Director**

**(V. Balaji Bhat)
Director**

**(Shashikant G Mandhana)
Executive Director**

**(Hansraj Rathor)
Chief Finance Officer & Company
Secretary**

**Place: Bangalore
Date : 30.05.2011**

IndusFila

A) Cash Flow Statement for the Year ended 31st March 2011 :

	Amount	Amount
	2010-2011	2009-2010
Net Profit as per Profit & Loss Account	7 62 07 900	(48 27 47 432)
Adjustments made :		
Provision for Gratuity	-	88 41 300
Depreciation	10 20 13 865	9 74 40 317
Loss/(Profit) on Sale of Fixed Assets	(37 531)	3 02 474
Interest Received	(6 07 271)	(1 03 69 096)
Finance Cost	25 34 67 947	24 22 28 439
	<u>35 48 37 010</u>	<u>33 84 43 433</u>
Operating Profit before Working Capital Changes	43 10 44 910	(14 43 03 998)
(Increase)/Decrease in Stock	(9 87 08 996)	29 11 59 458
(Increase)/Decrease in Sundry Debtors	92 81 849	(25 72 41 953)
(Increase)/ Decrease in Loans & Advances	(3 15 26 417)	15 53 38 221
Increase/(Decrease) in Sundry Creditors	(17 18 16 320)	26 21 73 975
	<u>(29 27 69 884)</u>	<u>45 14 29 701</u>
Cash generated from Operations	13 82 75 026	30 71 25 702
Income Taxes Paid	-	(14 79 671)
Cash Flow before Extraordinary item	<u>13 82 75 026</u>	<u>30 56 46 031</u>
Extraordinary Item		
Net Cash from Operating Activities :	13 82 75 026	30 56 46 031
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(5 94 22 304)	(5 49 80 874)
Increase in Investment	-	(54 00 000)
Proceeds on Disposal of Fixed Assets	17 95 802	6 55 002
Interest Received	6 07 271	1 03 69 096
Net Cash from Investing Activities :	(5 70 19 231)	(4 93 56 775)
Cash Flows from Financing Activities		
Proceeds from Secured Loans	17 26 67 381	21 57 32 599
Proceeds from Unsecured Loans	3 37 712	(22 95 64 931)
Interest Paid	(25 34 67 947)	(24 22 28 439)
Net Cash from Financing Activities :	(8 04 62 854)	(25 60 60 770)
	7 92 941	2 28 486
Cash and Cash equivalents at beginning of period	<u>2 62 16 811</u>	<u>2 59 88 325</u>
Cash and Cash equivalents at end of period	<u>2 70 09 752</u>	<u>2 62 16 811</u>

For and on behalf of the Board of Directors

Vide our report of even date attached
For SURI & CO.,
Chartered Accountants
FRN-004283S

(G Rangarajan)
Partner
Membership No. 024107

Place: Bangalore
Date: 30-5-2011

(Nitin N Mandhana)
Vice Chairman & Managing Director

(Shashikant G Mandhana)
Executive Director

(V. Balaji Bhat)
Director

(Hansraj Rathor)
Chief Finance Officer & Company Secretary

INFORMATION REGARDING SUBSIDIARY COMPANY

(Rs. In Lakhs)

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Income	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
Indus Garments (India) Private Limited	198	1895.55	5628.71	3535.16	Nil	11829.66	388.62	138.76	249.86	Nil

PART IV
BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details	:	L17121KA1999PLC025320			State Code (Refer Code List)	08
	Balance Sheet Date	:	31 Date	03 Month	2011 Year		

II. Capital raised during the year (Amount in Rs. Lakhs)	
Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilization and deployment of Funds (Amount in Rs. Lakhs)	
Total Liabilities	Total Assets
39324.89	39324.89

Sources of Funds		
Paid up Capital	Share Appl. Money	Reserves & Surplus
1899.89	NIL	8772.60
Secured loans	Deferred Tax Liability(Net)	Unsecured Loans
27437.64	6.84	1207.91
Application of Funds		
Net Fixed Assets	Investments	
14366.24	989.31	
Net Current Assets	Misc. Expenditure	
22102.5	-	
Accumulated Losses		
-		

IV. Performance of Company (Amount in Rs. Lakhs)					
Turnover			Total Expenditure		
43945.73			40963.24		
+	-	Profit/Loss Before Tax	+	-	Profit/Loss After Tax
		367.44			212.32
(Pl. tick appropriate box + for Profit & - for Loss)					

Earnings per share in Rs.				Dividend @ %	
Basic	1.10	Diluted	1.10	-	

V. Generic Names of Three Principal Products / Services of Company (as per monetary 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

INDUS FILA LIMITED

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

ATTENDANCE SLIP

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

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

DP Id/Client ID	
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Name and address of shareholder / Proxy holder

I hereby record my presence at the Annual General Meeting of the Company held on Friday, the 23rd September 2011 at R. V. Function Hall, D.R.V. Plaza, Near Old Bus Stand, B.B Road, Devanahalli Town, Bangalore Rural District – 562110, Karnataka at 9.00 A.M.

Member's / Proxy's Signature

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

INDUS FILA LIMITED

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

PROXY FORM

Folio No.	
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No. of Shares held	
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DP ID/Client ID	
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I / We _____ of
_____ being a Member /
Members of INDUS FILA LIMITED hereby appoint Mr./Ms. _____
_____ of
_____ or
failing him / her Mr. / Ms. _____ of _____ as my
/ our Proxy to attend and vote for me / us and on my / our behalf at the ANNUAL GENERAL MEETING of the
Company to be held on Friday, 23rd September 2011 at 9.00 A.M. and at any adjournment(s) thereof.

Signed this _____ day of _____ 2011

Affix Re.1/- Revenue Stamp

Signature(s)

Proxy Form must reach company's registered office not later 48 Hours before commencement of the meeting.

FOR OFFICE USE ONLY

DATE OF RECEIPT
