

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

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