

## Letter to Shareholders

Dear Shareholders,

It is a privilege to welcome you to the 13<sup>th</sup> Annual General Meeting of the company and also thank all of you for being shareholders in our Company and for supporting the Company's vision over the years.

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

Your Company has weathered the impact of the global economic slowdown caused by the Euro crisis, which has put the overall business under acute pressure.

The company has risen to face the challenges & with unity of purpose, is bringing the business back on track and demonstrated its resilience. Strict fiscal discipline and cost control efforts have brought noteworthy and sustainable results. This has seen us through the economic crisis and helped maintain our price, quality and service to our customers.

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

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

### **Annual General Meeting 2012**

I am pleased to enclose the Notice of Meeting for the Thirteenth Annual General Meeting (the "AGM") of Indus Fila Limited together with the 2012 Annual Report and Summary.

The AGM will be held at 9 am on Thursday, 20<sup>th</sup> September 2012 at the Registered office of the Company at No.284, 285, T.Begur Village, Kasaba Hobli, Nelamangala, Bangalore Rural District - 562123

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

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

### **Recommendation:**

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

Yours truly,

*Nitin Mandhana,*

*Vice Chairman & Managing Director*

### Board of Directors

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

### Company Secretary & Compliance Officer

Mr. Hansraj Rathor

### Auditors

Suri & Co, Bangalore

### Registered Office

Survey No. 285, 37th KM Stone, Kasaba Hobli,  
Nelamangaia, 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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**13<sup>th</sup> Annual General Meeting on Thursday, the 20<sup>th</sup> September, 2012 at 9 a.m**  
**at the Registered office of the Company at**  
**No. 285, 37<sup>th</sup> KM Stone, T. Begur Village, Kasaba Hobli, Nelamangala, Bangalore**  
**Rural District – 562 123**  
**Annual Report can be accessed at [www.indusfila.com](http://www.indusfila.com)**

## INDUS FILA LIMITED

### Notice of 13<sup>th</sup> Annual General Meeting

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of Indus Fila Limited will be held at No. 284, 285 T.Begur Village, Kasaba Hobli Nelamangala, Bangalore Rural District - 562123, Karnataka on Thursday, the 20<sup>th</sup> September, 2012 at 9 a.m. to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012, 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. Shashilkant G. Mandhana, who retires by rotation and, being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. V. Balaji Bhat, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To 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 a Special Resolution :

**“RESOLVED THAT** the members take note of fairness opinion obtained from independent Merchant Banker on valuation of assets done by the valuer for Indus Fila Limited (“IFL”) and Tulip Apparels Private Limited (“TAPL”) in connection with the scheme of amalgamation as approved by the Hon'ble High Court of Karnataka vide its order dated February 6, 2010.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or appropriate for such purpose, and to resolve and settle all questions and difficulties that may arise with regard to the listing with the stock exchange(s) without being required to seek any further clarification, consent or approval of the Members, and the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**By order of the Board of Directors**

**For Indus Fila Limited**

**Hansraj Rathor  
CFO & Company Secretary**

**Date:** August 10, 2012

**Place:** Bangalore

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING, AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Members and Transfer Books of the Company will remain closed from September 18, 2012 to September 20, 2012 (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.

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 10, 2012

## Annexure I

### Details of Directors retiring by rotation

Name of the Director	Mr. Shashikant G. Mandhana	Mr. V Balaji Bhat
Date of Birth	25.12.1958	19.06.1964
Date of Appointment	01.04.2006	11.04.2006
Expertise in specific functional areas	Operations & Marketing of Apparel Business	Finance
Qualification	B.Com	Chartered Accountant
Directorship held in other companies	02	08
Names of the Companies in which Directorship held	1. Andrew Finvest Private Limited 2. Vir Retail Private Limited 3. Indus Garments (India) Private Limited	1. Subex Limited 2. Subex Technologies Limited 3. Natural Capsules Limited 4. Yugen India Limited 5. Indus Age Advisors Private Limited 6. Primus Retail Private Limited
Committee positions held in companies	Nil	03
Number of Shares held in the Company	462462	5000

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

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

Place: Bangalore  
Date : August 10, 2012

## Explanatory statement under Section 173(2) of the Companies Act, 1956

### Item No. 5

The scheme of Amalgamation was initiated in April 2008, approved by the members at their meeting held on May 30, 2009 and confirmed by the Hon'ble High Court of Karnataka vide its order dated February 6, 2010.

Clause 24(h) of the Listing Agreement with the Stock Exchanges, was amended on September 4, 2008 to include the furnishing of a "fairness opinion from Merchant Banker on valuation of shares of the Company".

We have subsequently obtained a fairness opinion from Merchant Banker, a copy of which, is enclosed for your perusal.

None of the Directors except Mr. Nitin N. Mandhana, Mr. Shashikant G. Mandhana and Mr. Prakash G. Mandhana are interested in the resolution.

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

By order of the Board of Directors  
For Indus Fila Limited

Hansraj Rathor  
CFO & Company Secretary

**Date** : August 10, 2012

**Place** : Bangalore

### Dear Shareholders,

Your Directors are pleased to present their 13<sup>th</sup> Annual Report on the business and operations of your Company together with Audited Statements of the Accounts for the financial year ended 31<sup>st</sup> March, 2012.

### 1. Corporate Overview

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

The Company prepares its financial statements in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements are made on prudent and reasonable basis so as to reflect in true and a fair manner the form and the substance of transactions and reasonably present your Company state of affairs, profit and cash flow for the year ended March 31, 2012

### 2. Financial Performance

(Rs. in Lakhs)

PARTICULARS	2011 -12	2010 -11
<b>TURNOVER</b>	<b>46608.73</b>	<b>43945.73</b>
Profit/(Loss) before Interest, Depreciation & Tax	5233.78	3674.47
Less: Interest	3391.87	2327.40
Less : Depreciation	971.45	973.62
Less : Tax	240.96	161.13
<b>Net Profit/(Loss) after taxation</b>	<b>629.48</b>	<b>212.32</b>

Your Company's investments is putting in place a structure to deliver on the strategy and improve operational processes are witnessing good traction. The financial Year 2012 performance of your Company is particularly noteworthy when viewed in the backdrop of an extremely challenging business environment especially during the second half of the year which is the peak season for textiles and apparel.

Your Company recorded a total gross turnover of Rs46608.73 lakhs for the period ending 31<sup>st</sup> March 2012, as compared to Rs. 43945.73 lakhs for the period ending on 31<sup>st</sup> March 2011 while reporting a net profit of Rs. 629.48 lakhs.

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

### 3. Consolidated Accounts

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

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

### 4. Dividend

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

### 5. Directors

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

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

## 6. Audit

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

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

## 7. Management Discussion & Analysis

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

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

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

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 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, 2012

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, 2012.

## A. Conservation of energy

### a) Energy Conservation Measures

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

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

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

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

As per Form 'A' annexed

## B. Technology Absorption, adaption and Innovation

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

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

## C. Foreign exchange used and earned

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth Rs.5882.66 Lakhs.

Particulars	2011-12 (Rs. in Lacs)
Total Foreign Exchange used	450.02
Total Foreign Exchange earned	10836. 67

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY			
A. POWER AND FUEL CONSUMPTION			
		2011 -12	2010-11
1. ELECTRICITY			
	a. Purchased		
	Unit (KWH)	3550372	4895856
	Total Amount	2,48,52,601	3,42,50,712
	Rate / Unit (Rs. / KWH)	Up to 1 lakh Rs. 4.60 above 1 lakh unit Rs. 5.00	Up to 1 lakh Rs. 4.60 above 1 lakh unit Rs. 5.00
	b. Own Generation		
	(i) Through Diesel Generator		
	Unit (KWH)	451617	622766
	Units per litre of Diesel Oil (KWH/Litres)	3.48unlts/liters	3.25
	Cost / Unit (Rs. / KWH)	13.20	Rs. 14.15
	(ii) Through Steam Turbine / Generator		
	Unit (KWH)	5887056	8118074
	Units per metric tons of coal/fuel / gas	560.74	523.83
	Cost / Unit	8.85	8.11
2. COAL			
	Quantity (tonnes)	27321.58	24972.75
	Total Cost	6,12,01,167	4,96,05,768
	Average Rate	2240.03	1986.39
3. FURNACE OIL			
	Quantity (K. Ltrs)	338.35	382.05
	Total Cost	1,18,57,579	1,02,44,230
	Average rate	35045.30	26814.19

## CONSUMPTION PER UNIT OF PRODUCTION

Class of products	UOM	Production (including outsourced / job work)		Electricity (units)		Electricity Consumption (KWH per unit of production)	
		11-12	10-11	11-12	10-11	11-12	10-11
Apparels	Pcs	3715665	3683181	1428566	1723706	2.10	2.14
Fabrics	Mtrs	6868116	7115161	6728064	8118074	1.90	1.14

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 Direct or

Shashikant G. Mandhana  
Executive Director

Place: Bangalore  
Date: May 30, 2012