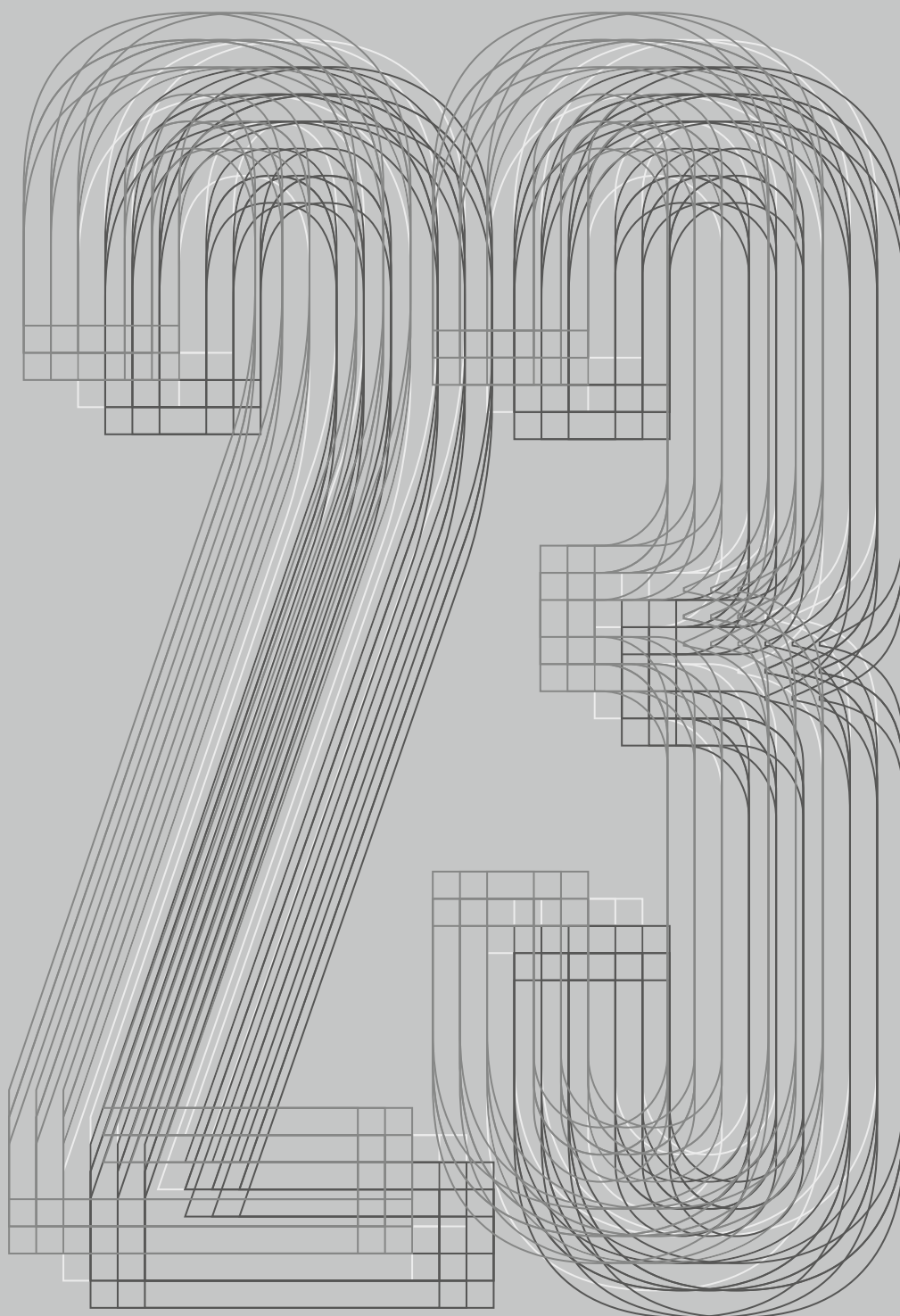




RD

**ANNUAL
REPORT
FILATEX
INDIA
LIMITED**

2012–2013





Board of Directors

Mr. Ram Avtar Bhageria
Chairman

Mr. Madhu Sudhan Bhageria
Vice Chairman & Managing Director

Mr. Purrshottam Bhaggeria
Joint Managing Director

Mr. Madhav Bhageria
Joint Managing Director

Mr. B.B. Tandon
Independent Director

Mr. S.C. Parija
Independent Director

Mr. S.P. Setia
Independent Director

Company Secretary

Mr. Raman Kumar Jha

Bankers

Union Bank of India
Punjab National Bank
Oriental Bank of Commerce
State Bank of India

Auditors

Amod Agrawal & Associates
D-58, East of Kailash
New Delhi - 110 025

Registered Office

S. No. 274, Demni Road,
Dadra - 396 191
(U.T. of Dadra & Nagar Haveli)

Corporate Office

BHAGERIA HOUSE
43, Community Centre,
New Friends Colony,
New Delhi - 110 025

Works

S. No. 274, Demni Road,
Dadra - 396 191
(U.T. of Dadra & Nagar Haveli)

A-2, Extension,
Phase - II (Noida)
Distt. Gautam Budh Nagar - 201 304 (U.P.)

Plot No. D-2/6, Jolva Village
PCPIR, Dahej-2 Industrial Estate
GIDC, Distt. Bharuch
Gujarat - 392 130

Registrar & Share Transfer Agents

MCS Limited

F-65, Okhla Industrial Area,
Phase-I, New Delhi- 110020

Tel : 011-41406148

Fax : 011-41709881

Email: admin@mcsdel.com

Contents

Profile of Directors	2
Notice	5
Directors' Report	13
Report on Corporate Governance	15
Auditors' Report	30
Balance Sheet	34
Statement of Profit & Loss	35
Cash Flow Statement	36
Notes	38



Profile of Directors



Ram Avtar Bhageria

Chairman (Non Executive Director)

- Commerce graduate from the reputed Shri Ram College of Commerce, Delhi University, Delhi
- 50 years experience of Industry, specially of Synthetic Filament Yarn
- Member of Company's Audit committee
- Involved in various social activities and has been President of New Friends Club, New Delhi from 2004-08 and Past President of Resident Welfare Association, New Friends Colony from 2002-05
- Actively involved in various Philanthropic activities through the family foundation i.e. Bhageria Foundation & President of Lala Baijnath Bhageria Charitable Society



Madhu Sudhan Bhageria

Vice Chairman & Managing Director (Promoter)

- Gold Medallist Commerce graduate from the reputed Shri Ram College of Commerce, Delhi University, Delhi
- 25 years of experience in Polyester Industry
- Director in various other Companies
- President of Small & Medium Scale Polyester POY Manufacturers, New Delhi
- Socially active person & was Treasurer of Roshnara Club Limited, Delhi for many years



Purrshottam Bhaggeria

Joint Managing Director (Promoter)

- Master Degree in Business Administration from Cornell University, USA, 1985
- Honorary Consul of Republic of Moldova in the Republic of India
- Director and Treasurer of Honorary Consular Corps. Diplomatie-India
- Member of Honor society of Phi Kappa Phi, USA
- Co-author & Publisher of two unique and first of its kind Coffee Table Books: "Elite Clubs of India" and "Elite Collector of Modern & Contemporary Indian Art"
- Member of International Affairs Committee for CIS, PHD Chamber of Commerce & Industry
- Ex-Member of Governing Council, Software Technology Parks of India (an autonomous Society under Govt. of India, Ministry of Information Tech.)
- Ex-member of the Governing Body of Lakshmibai College, Delhi University



Madhav Bhageria

Joint Managing Director (Promoter)

- Commerce graduate from Hindu College, Delhi University, Delhi
- Looks after day to day plant operations at Dadra & Dahej and marketing functions of the Company based at Surat & Mumbai
- Promoter Director of Tapti Valley Education Foundation which is an International School in Surat
- Director in various other Companies



S. P. Setia

(Independent Director)

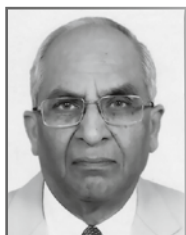
- Textile Technologist year of graduation 1962
- Rich experience in textile industry and providing consultancy to textile industry since 1982
- Chairman of Company's Shareholders Grievances Committee and Member of Audit Committee



S. C. Parija

(Independent Director)

- Masters Degree in Political Science from Allahabad University and a MSc in Fiscal Studies from University of Bath (U.K)
- Executive Member of International Fiscal Association, India
- Served as a Chairman of Income-Tax Settlement Commission and as Chief of Administration and Finance of All India Institute of Medical Sciences
- 38 years of services with the Government of India and served as the Director of Income-tax Investigation, Chief Commissioner of Income-tax and Director General of Income-tax Investigation
- Chairman of Company's Audit Committee and Member of Shareholders Grievances Committee
- Chairman of Audit Committee, Independent Director of Board of ARSS Infra Projects Limited



B. B. Tandon

(Independent Director)

- Retd. IAS Officer and former Chief Election Commissioner of India
- M.A. (PG in Economics) and LLB from the University of Delhi. CAIIB (Associate Certificate of the Indian Institute of Bankers)
- Served as Secretary to the Government of India in various key Ministries / Departments
- Member of the Securities & Exchange Board of India as Special Invitee
- Independent Director in various other renowned Companies
- Member of Company's Audit Committee

Filatex India Limited





NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of FILATEX INDIA LIMITED will be held on Monday, the 26th August, 2013 at 3.00 PM at the Registered Office of the Company at SURVEY NO.274, DEMNI ROAD, DADRA, (U.T. OF DADRA & NAGAR HAVELI)- 396 191 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at March 31, 2013 and the Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ram Avtar Bhageria, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Madhav Bhageria, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the financial year 2013-14 and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:-
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other approvals as may be necessary in this regard, following managerial remuneration paid/payable to Shri Madhu Sudhan Bhageria, Vice Chairman & Managing Director, Shri Purrshottam Bhaggeria, Joint Managing Director and Shri Madhav Bhageria, Joint Managing Director (collectively referred as Managerial Persons) for the financial year 2012-13 which became in excess of 10% of the net profits of the Company and for the period 01.04.2013 to 29.07.2013 which is within the limit mentioned in clause I(B) of Section II of Part II of the Schedule XIII of the Companies Act, 1956 be and is hereby ratified, confirmed and approved as minimum remuneration:

Amount in ₹

Name of Managerial Persons	Remuneration paid for the financial year 2012-13	Remuneration paid/ payable for the period 01.04.2013 to 29.07.2013	Total
Madhu Sudhan Bhageria	43,02,423	14,49,357	57,51,780
Purrshottam Bhaggeria	32,36,317	11,05,476	43,41,793
Madhav Bhageria	26,23,077	9,23,193	35,46,270
	1,01,61,817	34,78,026	1,36,39,843

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto."

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:-
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other approvals as may be necessary in this regard, consent of the Members of the company be and is hereby accorded to the reappointment of Shri Madhu Sudhan Bhageria as Managing Director of the Company for a period of 3 years w.e.f. 30.07.2013 on the following terms and conditions:-

Salary: ₹ 2,50,000 - 37,500 - 3,25,000 per month

Commission: One per cent of the net profits of the Company

Perquisites and Allowances: In addition to the aforesaid salary and commission, Shri Madhu Sudhan Bhageria shall also be entitled to perquisites like furnished accommodation or housing rent allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance and any other perquisites in accordance with the Rules of the Company, the monetary value of such perquisites would be restricted to 100% of salary. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost.

Shri Madhu Sudhan Bhageria shall also be eligible to the following perquisites which shall not be included in computation of ceiling on remuneration specified above:

- (a) Company's contribution towards Provident Fund and Superannuation Fund, Annuity fund to the extent these either singly or put together are not taxable under the Income Tax, 1961.
- (b) Gratuity payable not exceeding half month's salary for each completed year of service.
- (c) Encashment of unavailed Earned Leaves at the end of the tenure.
- (d) Use of Company car and telephone at residence for official purposes.



RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded that where in the event of loss or inadequacy of profits in any financial year during the tenure, Shri Madhu Sudhan Bhageria shall be entitled to receive remuneration including perquisites/benefits mentioned above as minimum remuneration in accordance with and subject to the applicable provisions of schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof and subject to the approval of the Central Government, wherever required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto."

7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:-

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other approvals as may be necessary in this regard, consent of the Members of the company be and is hereby accorded to the reappointment of Shri Purrshottam Bhaggeria as Joint Managing Director of the Company for a period of 3 years w.e.f. 30.07.2013 on the following terms and conditions:-

Salary: ₹ 2,00,000 - 30,000 - 2,60,000 per month

Commission: One per cent of the net profits of the Company

Perquisites and Allowances: In addition to the aforesaid salary and commission, Shri Purrshottam Bhaggeria shall also be entitled to perquisites like furnished accommodation or housing rent allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance and any other perquisites in accordance with the Rules of the Company, the monetary value of such perquisites would be restricted to 100% of salary. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost.

Shri Purrshottam Bhaggeria shall also be eligible to the following perquisites which shall not be included in computation of ceiling on remuneration specified above:

- Company's contribution towards Provident Fund and Superannuation Fund, Annuity fund to the extent these either singly or put together are not taxable under the Income Tax, 1961.
- Gratuity payable not exceeding half month's salary for each completed year of service.
- Encashment of unavailed Earned Leaves at the end of the tenure.
- Use of Company car and telephone at residence for official purposes.

RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded that where in the event of loss or inadequacy of profits in any financial year during the tenure, Shri Purrshottam Bhaggeria shall be entitled to receive remuneration including perquisites/benefits mentioned above as minimum remuneration in accordance with and subject to the applicable provisions of schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof and subject to the approval of the Central Government, wherever required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto."

8. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:-

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other approvals as may be necessary in this regard, consent of the Members of the company be and is hereby accorded to the reappointment of Shri Madhav Bhageria as Joint Managing Director of the Company for a period of 3 years w.e.f. 30.07.2013 on the following terms and conditions:-

Salary: ₹ 2,00,000 - 30,000 - 2,60,000 per month

Commission: One per cent of the net profits of the Company

Perquisites and Allowances: In addition to the aforesaid salary and commission, Shri Madhav Bhageria shall also be entitled to perquisites like furnished accommodation or housing rent allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance and any other perquisites in accordance with the Rules of the Company, the monetary value of such perquisites would be restricted to 100% of salary. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost.

Shri Madhav Bhageria shall also be eligible to the following perquisites which shall not be included in computation of ceiling on remuneration specified above:

- Company's contribution towards Provident Fund and Superannuation Fund, Annuity fund to the extent these either singly or put together are not taxable under the Income Tax, 1961.
- Gratuity payable not exceeding half month's salary for each completed year of service.
- Encashment of unavailed Earned Leaves at the end of the tenure.
- Use of Company car and telephone at residence for official purposes



RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded that where in the event of loss or inadequacy of profits in any financial year during the tenure, Shri Madhav Bhageria shall be entitled to receive remuneration including perquisites/benefits mentioned above as minimum remuneration in accordance with and subject to the applicable provisions of schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof and subject to the approval of the Central Government, wherever required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto."

9. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:-

"RESOLVED THAT pursuant to the provisions of Section 81(1A) 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) and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, Rules, Regulations, Guidelines, if any, of the Securities and Exchange Board of India (SEBI) (including any statutory amendment(s), modification(s) and/or re-enactment(s), and/or other concerned authority (ies) and subject to such approval(s), consent(s), permission(s) and/or sanction(s) of SEBI, Stock Exchanges, and/or any other concerned authority(ies), institution(s) or body(ies), as may be necessary and subject to such condition(s) as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee of the Board to be constituted to exercise its powers, including the powers conferred by this resolution) be and is hereby authorized on behalf of the Company to issue, offer and allot by way of Preferential Issue 80,00,000 convertible Warrants (Warrants) to be convertible at the option of the Warrant holders in one or more tranches, within 18 months from the date of allotment of warrant into equivalent number of fully paid up equity shares of the company of the face value of Rs. 10 each for cash at an exercise price of Rs. 25 per share (including premium of Rs. 15 per share) which is higher than the price determined in accordance with the Regulations on Preferential Issue as contained in Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended as on relevant date i.e. 26th July, 2013 to following persons:

S.No.	Name of the persons	Category	Number of Warrants to be allotted
1	Mr. Madhu Sudhan Bhageria	Promoter	2455860
2	Mr. Purrshottam Bhaggeria	Promoter	2468280
3	Mr. Madhav Bhageria	Promoter	2475860
4	R N Khemka Enterprises Pvt. Ltd.	Public	600000
	Total		8000000

RESOLVED FURTHER THAT the minimum amount to be paid on the warrants at/before allotment shall be 25% of the exercise price as application money towards the warrants.

RESOLVED FURTHER THAT the Relevant Date for the purpose of calculating the exercise price of the warrants is 26th July, 2013 in terms of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements), 2009.

RESOLVED FURTHER THAT the equity shares arising from the conversion of 80,00,000 Warrants shall not be transferred, sold, hypothecated or encumbered in any manner whatsoever for a period of one/three years from the date of allotment of equity shares on conversion, as applicable except in the manner and in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements), 2009 as amended.

RESOLVED FURTHER THAT the Equity Shares so issued shall rank pari-passu in all respects with the existing Equity Shares of the Company except that the Equity Shares so issued shall be subject to lock-in for a period of one/three years from the date of allotment of equity shares on conversion or upto such extended period as per provisions of SEBI regulations and that the said Equity Shares will be listed on the Stock Exchanges where the existing Equity Shares of the Company are listed;

RESOLVED FURTHER THAT the equity shares, if any, already held by the proposed allottees shall be under lock-in from the relevant date i.e 26th July, 2013 upto a period of six months from the date of allotment of the said Warrants.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution to issue and allot the said Warrants/fresh Equity shares and listing thereof with the Stock Exchange(s), the Board of Directors (or the duly constituted Committee) be and are hereby authorized on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may in its discretion, deem necessary, proper and desirable for such purpose and with powers on behalf of the Company to settle any question, difficulty or doubt that may arise in the proposed offer, issue and allotment of such Warrants/Equity Shares including utilization of the issue proceeds and to take such actions or give such directions as they may consider necessary and desirable and to obtain any approval(s), consent(s), permission(s) and/or sanction(s) which may be necessary or desirable, as they may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make in its own accord or to accept such amendments, modifications, variations and alterations as the SEBI, Stock Exchanges and/or any other appropriate authority(ies) may stipulate in this regard.



RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors to give effect to this resolution."

By Order of the Board of Directors
For FILATEX INDIA LIMITED

PLACE : NEW DELHI
DATE : 27TH JULY, 2013

RAMAN KUMAR JHA
COMPANY SECRETARY

REGISTERED OFFICE:
Survey No.274, Demni Road, Dadra
(U.T. of Dadra & Nagar Haveli) 396 191

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. Explanatory statement pursuant to Section 173(2) of the Companies, 1956 in respect of Special Business under item No. 5 to 9 of the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 19th August, 2013 to 26th August, 2013 (both days inclusive) for ensuing Annual General Meeting.
4. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
5. Members are requested to bring their copies of the Annual Report at the Annual General Meeting.
6. Members are requested to notify:
 - A) change of address, if any, with Pin Code, quoting reference of their folio number, to the Company.
 - B) members who are holding shares in Demat Mode are requested to notify any change in their address to their respective Depository Participant.
7. Members seeking any information with regard to Accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.
8. Members who have not yet encashed dividend for the financial year 2009-10, 2010-11 and 2011-12 are requested to write to the Company Secretary of the Company.
9. All Documents referred to in the Notice and Explanatory Statement (including Auditor's Certificate certifying that the issue of the Warrants/Equity Shares is being made in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009) are open for inspection by the members at the Registered Office of the Company on any working day during office hours from 10.00 A.M. to 1.00 P.M. upto the date of the Meeting.
10. This Notice alongwith Explanatory Statement shall be treated as an abstract of the terms and conditions of reappointment and Memorandum of Interest in respect of reappointment of Shri Madhu Sudhan Bhageria as Managing Director and Shri Purushottam Bhaggeria and Shri Madhav Bhageria as Joint Managing Directors as well as ratification of remuneration as mentioned in Item No. 5 of the Notice.
11. As a part of Green initiative in the Corporate Governance, the Ministry of Corporate Affairs (MCA) vide its circulars dated 21st and 29th April, 2011, permitted service of documents through electronic mode in place of physical mode to all the shareholders. Your Company is also keenly desiring to participate in such initiative and request all the shareholders **to update their email IDs with their Depositories (NSDL & CDSL) or send their email IDs alongwith DP ID/Client ID to the Company to enable your Company to serve all future communication through email.** Keeping in view of the aforesaid initiative of MCA, your Company shall send the Annual Report, to its Members in electronics form, to the email address provided by them.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Shri Madhu Sudhan Bhageria, Vice Chairman & Managing Director, Shri Purushottam Bhaggeria, Joint Managing Director & Shri Madhav Bhageria, Joint Managing Director were appointed for a further period of five years w.e.f. 30.07.2008.

During the financial year 2012-13, the company could not earn the expected net profit due to sluggish demand on account of slowdown in economy and adverse fluctuation in foreign exchange rate, higher finance cost & depreciation. Therefore the managerial remuneration paid/payable as set out in the Notice became in excess of 10% of the net profits of the Company. However the same is within the limits specified in clause I(B) of Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Remuneration Committee and the Board of Directors of the Company in their meeting held on 27th July, 2013 have approved the managerial remuneration as set out in the resolution.

In terms of Schedule XIII of the Companies Act, 1956, consent of the members of the Company is required by way of Special resolution to ratify, confirm and approve the payment of managerial remuneration. The statements as required under Schedule XIII of the Companies Act, 1956 are given below.



Your Directors recommend passing of the Resolutions at Item No. 5 as SPECIAL RESOLUTION.

None of the Directors of the Company except Shri Madhu Sudhan Bhageria, Shri Purrshottam Bhaggeria, Shri Madhav Bhageria and Shri Ram Avtar Bhageria are deemed to be concerned or interested in the said Resolution.

Item No(s). 6 to 8

Shri Madhu Sudhan Bhageria, Vice Chairman & Managing Director, Shri Purrshottam Bhaggeria, Joint Managing Director & Shri Madhav Bhageria, Joint Managing Director were appointed for a further period of five years w.e.f. 30.07.2008.

Remuneration Committee and the Board of Directors of the Company in their meeting held on 27th July, 2013 re-appointed Shri Madhu Sudhan Bhageria as Managing Director, Shri Purrshottam Bhaggeria and Shri Madhav Bhageria as Wholetime Directors designated as Joint Managing Directors on the terms and conditions and remuneration as stated in the respective resolutions for a period of three years w.e.f. 30.07.2013.

In the event of loss or inadequacy of profits in any financial year, they shall be eligible to receive the said remuneration alongwith perquisites/benefits as minimum remuneration in accordance with Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof. As an abundant caution, the statements as required under Schedule XIII of the Companies Act, 1956 are given below.

The profile(s) of the aforesaid appointees have been set out in the Report on Corporate Governance annexed with the Directors' Report.

Your Directors recommend passing of the Resolutions at Item No. 6 to 8 as SPECIAL RESOLUTIONS.

None of the Directors of the Company except Shri Madhu Sudhan Bhageria, Shri Purrshottam Bhaggeria, Shri Madhav Bhageria and Shri Ram Avtar Bhageria are deemed to be concerned or interested in these resolutions.

Statement as required under Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to the Resolutions at Item Nos. 5 to 8 of the Notice for the 23rd Annual General Meeting of FILATEX INDIA LIMITED

I GENERAL INFORMATION

- (1) **Nature of Industry:** The Company is engaged in manufacturing of Synthetic yarns viz polyester Partially Oriented Yarns (POY), polyester Filament yarns, Textured yarns, Polyester chips, Nylon filament yarns, Polypropylene Multi & Mono Filament Yarns and Narrow fabrics.
- (2) **Date or expected date of commencement of Commercial production:** The Company was incorporated on 8th August, 1990 as a Public Limited Company. The Company is already in operation after obtaining Certificate of Commencement of business on 5th September, 1990.
- (3) **In case of new companies, expected date of commencement of activities as per project approved financial institutions appearing in the prospectus:** Not applicable
- (4) **Financial performance based on given indicators:** (₹ in lacs)

	2012-13	2011-12	2010-11
Turnover (total revenue)	123496.35	47443.12	49447.00
Profit/(Loss) before Tax	386.95	1943.86	2802.03
Net Profit/(Loss)	235.57	1370.09	1901.13
Paid up Share capital	2400.00	2400.00	1714.14
Reserves and Surplus	12556.39	12181.35	8746.73

- (5) **Export performance and net foreign exchange collaborations:** The Company has earned foreign exchange of ₹ 1642.41 lacs during the financial year 2012-13.
- (6) **Foreign investments or collaborators, if any:** None

II INFORMATION ABOUT THE APPOINTEES:

SHRI MADHU SUDHAN BHAGERIA

- (1) **Background details:** Shri Madhu Sudhan Bhageria, Promoter & Managing Director, aged about 54 years, is commerce graduate from Shri Ram College of Commerce, University of Delhi. He is actively involved in the management of the company since its incorporation and has played a key role in its growth & developments and he has been the force behind the exponential growth of the Company. He is also the nominee Director of Association of Synthetic Fibre Industry, Surat and the President of Small & Medium Scale Polyester POY Manufacturers Association, New Delhi.
- (2) **Past Remuneration:** ₹ 53,28,012, ₹ 50,90,693 & ₹ 43,02,423 for financial years 2010-11, 2011-12 & 2012-13 respectively
- (3) **Recognition or awards:** Nil
- (4) **Job profile and his suitability:** Shri Madhu Sudhan Bhageria, Promoter & Managing Director, looks after overall operations including Production, Modernization & Expansion of the Company under the supervision and control of the Board of Directors. He has more than 25 years of rich experience in polyester industry. In consideration of the performance of his duties as the Managing Director, the Board of Directors and Remuneration Committee in their meetings on 27th July 2013 have approved his appointment and remuneration as set out in Item No. 6 of the Notice.
- (5) **Remuneration proposed:** Mentioned in Item No. 6 of the Notice.



- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :** Proposed remuneration of Shri Madhu Sudhan Bhageria is comparable to that drawn by the similar senior level counter parts in other companies and is commensurate with the size of the Company, diverse nature of its businesses, the profile of the appointee and responsibilities shouldered by him.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Besides the remuneration proposed, Shri Madhu Sudhan Bhageria, Managing Director, holds 1252500 Equity Shares of Rs. 10 each representing 5.22% of the paid up capital of the company and related to Shri Purshottam Bhaggeria & Shri Madhav Bhageria, Joint Managing Directors and Shri Ram Avtar Bhageria, Chairman of the Company.

SHRI PURRSHOTTAM BHAGGERIA

- (1) **Background details:** Shri Purushotam Bhagegria, Promoter & Joint Managing Director, aged 52 years, is commerce graduate from Shri Ram College of Commerce, University of Delhi and Masters in Business Administration (1985) from S.C. Johnson Graduate School of Management, Cornell University, USA. He is Honorary Consul of Republic of Moldova in the Republic of India. He is the Member of Capital Market Committee of PHD Chamber of Commerce & Industry and is also the Director & Treasurer of Honorary Consular Corps Diplomatique - India (HCCD-India), body of Honorary Consulates in India. He is also Directors in various other Companies.
- (2) **Past Remuneration:** ₹ 53,52,228, ₹ 51,29,314 & ₹ 32,36,317 for financial years 2010-11, 2011-12 & 2012-13 respectively
- (3) **Recognition or awards:** FICAC Medal of Honour -2012
- (4) **Job profile and his suitability:** Shri Purrshottam Bhaggeria is the Promoter & Joint Managing Director of the Company. He looks after finance, accounts, legal and secretarial department of the Company since its incorporation. He has rich experience of more than 20 years in these fields. In consideration of the performance of his duties as the Joint Managing Director, the Board of Directors and Remuneration Committee in their meetings on 27th July 2013 have approved his appointment and remuneration as set out in Item No. 7 of the Notice.
- (5) **Remuneration proposed:** Mentioned in Item No. 7 of the Notice
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):** Proposed remuneration of Shri Purrshottam Bhaggeria is comparable to that drawn by similar senior level counter parts in other companies and is commensurate with the size of the Company, diverse nature of its businesses, the profile of the appointee and responsibilities shouldered to him by the Board of Directors.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Besides the remuneration proposed, Shri Purrshottam Bhaggeria, Joint Managing Director holds 865000 Equity Shares of Rs. 10 each representing 3.60% of the paid up capital of the company and related to Shri Madhu Sudhan Bhageria, Managing Director, Shri Madhav Bhageria, Joint Managing Director & Shri Ram Avtar Bhageria, Chairman of the Company.

SHRI MADHAV BHAGERIA

- (1) **Background details:** Shri Madhav Bhageria, Promoter & Joint Managing Director, aged 50 years, is Commerce graduate from The Hindu College, University of Delhi. He is the Promoter Director of Tapti Valley Education Foundation which is an International School in Surat. He is also Directors in various other Companies.
- (2) **Past Remuneration:** ₹ 49,68,938, ₹ 44,74,753 & ₹ 26,23,077 for financial years 2010-11, 2011-12 & 2012-13 respectively
- (3) **Recognition or awards:** Nil
- (4) **Job profile and his suitability:** Shri Madhav Bhageria is the Promoter & Joint Managing Director of the Company. He looks after day to day plants operations at Dahej & Dadra and marketing functions at Mumbai & Surat. In consideration of the performance of his duties as the Joint Managing Director, the Board of Directors and Remuneration Committee in their meetings on 27th July 2013 have approved his appointment and remuneration as set out in Item No. 8 of the Notice.
- (5) **Remuneration proposed:** Mentioned in Item No. 8 of the Notice
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):** Proposed remuneration of Shri Madhav Bhageria is comparable to that drawn by similar senior level counter parts in other companies and is commensurate with the size of the Company, diverse nature of its businesses, the profile of the appointee and responsibilities shouldered to him by the Board of Directors.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Besides the remuneration proposed, Shri Madhav Bhageria, Joint Managing Director holds 710100 Equity Shares of Rs. 10 each representing 2.96% of the paid up capital of the company and related to Shri Madhu Sudhan Bhageria, Managing Director, Shri Purrshottam Bhaggeria, Joint Managing Director & Shri Ram Avtar Bhageria, Chairman of the Company.



III OTHER INFORMATION

- (1) **Reason of loss or inadequate profits:** During the financial year ended 31st March, 2013, the profitability of the Company has declined mainly on account of slowdown in economy and adverse fluctuation in foreign exchange rate and higher finance cost & depreciation due to delay in commissioning of Plant for manufacturing of Polyester Poly condensation and POY at GIDC, Dahej.
- (2) **Steps taken or proposed to be taken for improvements:** The Company has been taking various initiatives to reduce the finance cost and cost of production. With the commencement of production at Dahej Plant, Company's turnover and profits will increase in coming years.
- (3) **Expected increase in productivity and profits in measurable terms:** In view of the facts mentioned above, it is difficult to forecast the productivity and profitability in measurable terms. However, considering the continuously improving economic scenario, the Company expects that the productivity and profitability may improve and would be comparable with the industry average.

IV DISCLOSURES

- (1) **Remuneration package of the managerial persons:** Fully described in the respective resolutions as mentioned above.
- (2) **Disclosure in the Board of Director's report under the heading "Corporate Governance", attached to the annual report:** The requisite details of remuneration paid to the Directors are included in the Corporate Governance Report attached to the Annual Report.

Item No. 9

To meet the part project cost including overrun, the Company is required to bring funds by way of equity, therefore it is proposed to issue on preferential basis 80,00,000 convertible Warrants of Rs. 10 each at an exercise price of Rs. 25 per Share to persons as set out in the said Resolutions.

The Exercise price of Equity Shares arising out of conversion of the Warrants of Rs. 25 per share (including premium of Rs. 15 per share) is higher than the price determined in accordance with Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended.

The Relevant date for the purpose of calculating the exercise price of the Equity Shares arising out of conversion of Warrants is 26th July, 2013 i.e. 30 days prior to the date of the ensuing Annual General Meeting.

Disclosures which are required to be given in the Explanatory Statement to the Notice of General Meeting in terms of Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended as on the date of this Notice are given below:

i) Objects of the Issue

To meet the part project cost including overrun

ii) Intention of Promoters/Directors/Key Managerial persons to subscribe to the Offer

The promoters/ directors have agreed to subscribe 74,00,000 convertible warrants out of the proposed issue.

iii) Shareholding pattern before and after the preferential issue

The pre issue Shareholding Pattern based on the subscribed Share Capital of the Company as on 20th July, 2013 and the post issue Shareholding Pattern on the assumption that all warrants are converted into Equity Shares is as follows:

Category	Pre issue holding		Post issue holding after conversion of Warrants	
	No. of Equity Shares	% of total capital	No. of Equity Shares	% of total capital
A. Promoters & Promoter Group				
Madhu Sudhan Bhageria	1252500	5.22	3708360	11.59
Purshottam Bhaggeria	865000	3.60	3333280	10.42
Madhav Bhageria	710100	2.96	3185960	9.96
Other	9797895	40.82	9797895	30.62
Sub Total (A)	12625495	52.61	20025495	62.58
B. Public Shareholding				
1. Institutions	2366000	9.86	2366000	7.39
Sub- Total (B)(1)	2366000	9.86	2366000	7.39
2. Non-Institutions				
Bodies Corporate				
R N Khemka Enterprises Pvt. Ltd.	-	-	600000	1.88
Other Bodies Corporate	4272682	17.80	4272682	13.35
Others	4735823	19.74	4735823	14.80
Sub-Total (B)(2)	9008505	37.54	9608505	30.03
Total Public Shareholding (B)	11374505	47.39	11974505	37.42
TOTAL (A+B)	24000000	100.00	32000000	100.00



iv) Proposed time within which the allotment shall be completed

The convertible Warrants shall be allotted within 15 days from the date of passing of the Resolutions by the members or within 15 days from the date of approval of regulatory authority if any, whichever is later.

v) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them

Category	Pre issue holding		No. of Warrants proposed to be issued	Post issue holding	
	No. of Equity Shares	% of total Capital		No. of Equity Shares	% of total Capital
Proposed allottees					
Mr. Madhu Sudhan Bhageria	1252500	5.22	2455860	3708360	11.59
Mr. Purshottam Bhaggeria	865000	3.60	2468280	3333280	10.42
Mr. Madhav Bhageria	710100	2.96	2475860	3185960	9.96
R N Khemka Enterprises Pvt. Ltd.	-	-	600000	600000	1.88

vi) Auditor's certificate

A certificate from Amod Agrawal & Associates, being the Statutory Auditors of the Company, certifying that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009 as amended shall be placed before the meeting of the members.

vii) Lock in

The equity shares arising from the conversion of 80,00,000 Warrants shall not be transferred, sold, hypothecated or encumbered in any manner whatsoever for a period of one/three years from the date of allotment of equity shares on conversion, as applicable except in the manner and in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements), 2009 as amended

The equity shares, if any, already held by the proposed allottees shall be under lock-in from the relevant date i.e 26th July, 2013 upto a period of six months from the date of allotment of the said Warrant.

viii) Consequential changes in the voting rights

There will be no consequential change in the Board of Directors or control over the Company. The Voting rights will change in accordance with the Shareholding Pattern.

ix) Other terms and Conditions

1. The Proposed allottees of the Warrants shall on or before the date of allotment of Warrant, pay an amount equivalent to at least 25% of the total consideration and the balance 75% on or before the date of conversion thereof into Equity Shares.
2. The warrant holders will be entitled to apply for and obtain allotment of one Equity Share against such Warrant at any time in one or more tranches before the expiry of 18 months from the date of allotment of Warrants.
3. If the warrant holder fails to exercise the option as mentioned in (2) above, the right attached to the Warrants shall expire and any amount paid on such Warrants shall stand forfeited in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements), 2009.
4. The Warrants by itself till converted into Equity Shares do not give to the holder thereof any rights of the shareholders of the Company in respect of such Warrants.

Section 81 of the Companies Act, 1956 and the Listing Agreement executed by the Company with the Stock Exchanges provide, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the Members decide otherwise. Since the Special Resolution proposed may result in issuing of Equity Shares of the Company otherwise than to the members of the Company the consent of the members, is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any of the Companies Act, 1956, the listing agreements and SEBI regulations.

Your Directors recommend passing of above Resolutions as a SPECIAL RESOLUTION.

None of the Directors of the Company except Shri Madhu Sudhan Bhageria, Shri Purshottam Bhaggeria, Shri Madhav Bhageria and Shri Ram Avtar Bhageria are deemed to be concerned or interested in the said Resolution

By Order of the Board of Directors
For FILATEX INDIA LIMITED

PLACE : NEW DELHI
DATE : 27TH July, 2013

RAMAN KUMAR JHA
COMPANY SECRETARY

REGISTERED OFFICE:
Survey No.274, Demni Road, Dadra
(U.T. of Dadra & Nagar Haveli) 396 191



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Third Annual Report alongwith the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Total revenue	123496	47443
Profit before Finance Cost,		
Depreciation and Tax	4755	3346
Finance Cost	2257	450
Depreciation & amortization expense	2111	952
Profit before tax	387	1944
Tax expense		
– Current	80	395
– MAT credit entitlement	(80)	-
– Taxation for earlier years	25	-
– Deferred	126	179
Net Profit after tax	236	1370
Balance brought forward from previous year	4745	3654
Profit available for appropriation	4981	5024
Proposed Dividend on Equity Shares	-	240
Dividend Distribution Tax	-	39
Proposed Dividend on Equity Shares for 2011-12 written back	120	-
Dividend Distribution Tax written back	19	-
Balance carried forward to Balance Sheet	5120	4745

DIVIDEND

In view of the challenging times being faced by the industry and to conserve the resources, the Board has not recommended any dividend on the equity shares for the year 2012-13.

Subsidiary and Consolidation of Financial Statements

Filatex Synthetics Private Limited, which was incorporated on 9th March, 2012 as Company's subsidiary, has had no transaction/business since its incorporation. During the year under review, your Company has sold its shares in the said subsidiary company, consequently it is no more subsidiary of your company. Thus your Company doesn't have any subsidiary.

OPERATIONS

During the year under review, the Company achieved turnover of Rs. 137890 lacs as compared to Rs. 51934 lacs in the previous year resulting in an increase of 166%. The Net Profit after tax is Rs. 236 lacs as compared to Rs. 1370 lacs in the previous year. Increase in turnover is due to commissioning of plant for polyester Poly condensation and POY at GIDC, Dahej. The decrease in Net Profit is due to sluggish demand on account of slowdown in economy, adverse fluctuation in foreign exchange rates, higher finance cost & depreciation.

During the financial year under review, fire broke at company's POY manufacturing unit at Dadra which affected functioning of some of the POY lines. The company is adequately insured and the insurers are in the process of assessing the quantum of loss. Some lines having partial damages were repaired and put to use again by March, 2013. Some lines which have major damages are expected to be replaced / restored by December, 2013. The loss caused by the fire is under determination by the insurers, however, the Management is of the opinion that the company would be able to recover the loss as it has obtained insurance covers on reinstatement basis as well as loss of profit policy. However, the loss on repair / replacement, if any, would be accounted for upon settlement of the claim.

EXPANSION

The Company's plant for Polyester Poly condensation having capacity of 216000 TPA and POY with capacity of 108000 TPA at GIDC Dahej has been commissioned and become fully operational during the year 2012-13. The Poly condensation unit brings your Company at par with other manufacturers of POY as your company has also started making POY under Direct Melt Spinning Technology being used worldwide, by using PTA and MEG as raw materials. This will enable the Company to reduce operational costs and increase its profitability in coming years.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposits.

DIRECTORS

Mr. Ram Avtar Bhageria and Mr. Madhav Bhageria, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. During the year under review, Mr. Vibhu Bakhru has resigned from the Board of Directors w.e.f. 8th April, 2013. Your Directors place on record their appreciation for the valuable



guidance and support given by Mr. Vibhu Bakhru during his tenure as Director of the Company.

Mr. Madhu Sudhan Bhageria, Vice Chairman & Managing Director, Mr. Purrshottam Bhaggeria, Joint Managing Director and Mr. Madhav Bhageria, Joint Managing Director are being re-appointed for a further period of 3 years w.e.f. 30.07.2013.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors state as under:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures there from;
- ii. that they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance as stipulated under clause 49 of the Listing Agreement along with the Auditors' Certificate regarding compliance of conditions of Corporate Governance and Management Discussion & Analysis are annexed hereto as part of the Annual Report.

AUDITORS

M/s Amod Agrawal & Associates, Chartered Accountants, Statutory Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting. Certificate from the auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board of Directors therefore recommend their re-appointment as statutory auditors of the Company for the financial year 2013-14 for the approval of shareholders.

AUDITORS' REPORT

The Auditors' observations contained in their report for the year under review are self-explanatory and do not require any further comments as the same have dealt with in Notes of Accounts.

COST AUDITORS

Your Company is required to maintain the Cost records for its products - Man Made Fibre/yarn and get it audited by qualified Cost Auditors. Your Company has appointed M/s Bahadur Murao & Co., a firm of Cost Auditors, for conducting the audit of such records for the financial year 2012-13. The Cost audit report for the financial year 2012-13 shall be filed with the Ministry of Corporate Affairs within the prescribed time limit. Subject to the approval of the Central Government, M/s Bahadur Murao & Co. has been appointed as the Cost Auditor for the financial year 2013-14.

STOCK EXCHANGE LISTING

Presently, the Equity Shares of the Company are listed on National Stock Exchange and Bombay Stock Exchanges. The Annual Listing Fee for the year 2013-2014 has been paid to the Stock Exchanges.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement showing the necessary information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed to this Report.

PARTICULARS OF EMPLOYEES

During the year, no employees of the Company received remuneration more than Rs. 60.00 lacs per annum or Rs. 5.00 lacs per month if employed for part of the year. Accordingly, no particulars of employees are given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENTS

The Board of Directors is pleased to place on record their sincere appreciation for the assistance, support and cooperation received from its Bankers, Government Authorities, Dealers, Customers and Vendors. Your Directors would like to record their sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution ensuring smooth operations that your Company has achieved during the year. Your Directors also place on record their sincere appreciation for the confidence reposed by the Shareholders in the Company.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 27th July, 2013

RAM AVTAR BHAGERIA
Chairman



REPORT ON CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, given below is a Report on the matters mentioned in the said Clause.

1. Company's Philosophy on Code of Corporate Governance

Your Company is fully committed to conduct its business with due compliance of all applicable laws, rules and regulations. The Company's philosophy on Corporate Governance lays strong emphasis on integrity, transparency, accountability and full disclosure in all facets of its operations to achieve the highest standards of Corporate Governance and also to enhance the trust of the creditors, employees, suppliers, customers and public at large. The Company continues to believe that all its operations and actions must serve the underlying goal of enhancing shareholder value, over a sustained period of time.

During the year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business.

2. Board of Directors

The Board of Directors is headed by non-executive Chairman and consists of total 8 members comprising of 5 non-executive Directors out of which 4 are Independent Directors representing an optimum mix of professionalism, knowledge and experience in their respective fields.

i) Present Structure of Board of Directors

S.No.	Name	Category of Director
1.	Shri Ram Avtar Bhageria Chairman	Non-Executive Director
2.	Shri Madhu Sudhan Bhageria Vice Chairman & Managing Director	Executive Director
3.	Shri Purshottam Bhaggeria Joint Managing Director	Executive Director
4.	Shri Madhav Bhageria Joint Managing Director	Executive Director
5.	Shri B. B. Tandon Director	Non-Executive & Independent Director
6.	Shri Vibhu Bakhru*	Non-Executive & Independent Director
7.	Shri S.C. Parija Director	Non-Executive & Independent Director
8.	Shri S.P. Setia Director	Non-Executive & Independent Director

*Resigned on 08.04.2013

Details of Directors retiring by rotation and reappointment of directors at the ensuing Annual General Meeting are given at the end of this Report.

ii) Board Meetings

During the year 2012-13, the Board met four times on 29th May, 2012, 13th August, 2012, 8th November, 2012 and 14th February, 2013.



Details of attendance of each Director at various meetings of the company and the membership held by the Directors in the Board/ Committees of other corporate bodies are as follows: -

S. No.	Name	No. of Board Meetings attended	No. of Other Directorships*	Committee Memberships*	Committee Chairmanships*	Attendance in AGM
1.	Shri Ram Avtar Bhageria	3	-	-	-	NO
2.	Shri Madhu Sudhan Bhageria	4	5	-	-	NO
3.	Shri Purshottam Bhaggeria	4	4	-	-	NO
4.	Shri Madhav Bhageria	1	4	-	-	YES
5.	Shri B. B. Tandon	4	13	9	1	NO
6.	Shri Vibhu Bakhru**	1	3	-	-	NO
7.	Shri S.P. Setia	4	3	-	3	NO
8.	Shri S.C. Parija	4	1	1	1	NO

* As on 31.03.2013. Represents Directorship & Membership/Chairmanship of Audit Committee & Shareholders Grievance Committee of Indian Public Companies.

** Resigned on 08.04.2013

iii) Board Procedure

The members of the Board are provided with the requisite information mentioned in the Listing Agreement before the Board Meetings. The Vice Chairman & Managing Director alongwith two Joint Managing Directors manage the day-to-day affairs of the Company subject to the supervision and control of the Board of Directors. The Independent Directors take active part in the Board and Committee meetings which adds value in the decision making process of the Board of Directors.

All the Directors who are on various committees are within the permissible limits of the Listing Agreement. The necessary disclosures regarding committee positions have been made by the Directors.

3. Audit Committee

In terms of Section 292A of the Companies Act, 1956 and the requirement of the Listing Agreement with the Stock Exchanges, the Board has an Audit Committee comprising of five Directors namely, Shri S.P. Setia, Shri S.C. Parija, Shri B.B. Tandon, Shri Vibhu Bakhru (resigned on 08.04.2013), all Independent Directors and Shri Ram Avtar Bhageria, Non Executive Director. The Board on 29th May, 2013 has reconstituted the Audit Committee comprising of four Directors namely, Shri S.P. Setia, Shri S.C. Parija, Shri B.B. Tandon and Shri Ram Avtar Bhageria. Shri S.C. Parija is Chairman of the Committee. The terms of reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and guidelines given in the Code of Corporate Governance, which inter-alia include the overview of Company's Financial Reporting Process, review of Quarterly, Half Yearly and Annual Financial Statements, Adequacy of Internal Control Systems, Major Accounting Policies & Practices, Compliances with Accounting Standards, Related Party Transactions, etc. The Company Secretary of the Company acts as the Secretary of the Committee.

The Internal Audit Reports are prepared by an external firm of Chartered Accountants & cover various areas of the operations of the Company. The Audit Committee reviews internal audit report regularly. This ensures a constant review of operations and systems and highlights the areas which need improvement. The reports form the basis of management functions, decisions and follow up.

During the year 2012-13 the Committee met four times. The attendance at the meetings is as under: -

Date of Meeting	No. of Members present
29-05-2012	4
13-08-2012	4
08-11-2012	4
14-02-2013	4

Shri Madhu Sudhan Bhageria, Vice Chairman & Managing Director, Shri Purshottam Bhaggeria, Joint Managing Director, Shri R P Gupta, Chief Financial Officer, Internal Auditors and Statutory Auditors are invited to attend the Audit Committee Meetings.

The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.



4. Remuneration Committee

Pursuant to the applicable provisions of the Companies Act, 1956 and the Listing Agreement, the Board has constituted the Remuneration Committee comprising of four Directors namely, Shri S.P. Setia, Shri S.C. Parija, Shri B.B. Tandon and Shri Ram Avtar Bhageria on 29th May 2013. Shri S.C. Parija is the Chairman of the Committee. The Committee reviews and recommends the remuneration payable to Managerial persons on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance / track record etc. The Company Secretary of the Company acts as the Secretary of the Committee

Details of Remuneration paid to the Directors during the Financial Year ended 31st March, 2013

(Amt in Rs.)

S. No.	Name of Directors	Salary & Allowances	Contribution to Provident Fund	Perquisites	Sitting Fees	Total
1.	Shri Ram Avtar Bhageria	—	—	—	60000	60000
2.	Shri Madhu Sudhan Bhageria, Managing Director	2790000	9360	1503063	—	4302423
3.	Shri Purrshottam Bhaggeria, Joint Managing Director	2232000	9360	994957	—	3236317
4.	Shri Madhav Bhageria, Joint Managing Director	2232000	9360	381717	—	2623077
5.	Shri Vibhu Bakhru	—	—	—	5000	5000
6.	Shri S.P. Setia	—	—	—	65000	65000
7.	Shri S.C. Parija	—	—	—	65000	65000
8.	Shri B. B. Tandon	—	—	—	65000	65000

The employment of Managing/Joint Managing Directors is on contractual basis. Except Shri Ram Avtar Bhageria- non executive Director who holds 4,62,000 Equity Shares, none of the Non-Executive Directors held any Equity Shares of the Company as on 31st March, 2013. The Managing/Joint Managing Directors are paid remuneration as approved by the Board of Directors and Shareholders and such other authorities as the case may be and are not paid sitting fees for Board/Committee Meetings attended by them. Non-Executive Directors do not have any pecuniary relationship with the Company except payment of sitting fees for attending the Board/Committee Meetings. The Company does not have any stock option scheme or performance linked incentive for any of the Directors. The appointments of the Executive Directors are made for a period of five years on the terms and conditions contained in the respective resolutions passed by the members in the Annual General meetings and no notice period or severance fee is applicable to them. Remuneration paid/ payable during the period 01.04.2012 to 29.07.2013 to the Managing Director/Joint Managing Directors is in excess of the limits mentioned under section 198, 309, 310 and Section I of Part II of Schedule XIII of the Companies Act, 1956. The Remuneration Committee in its meeting held on 27th July, 2013 recommended the ratification for the payment of aforesaid remuneration and proposed remuneration as set out in the AGM Notice and Explanatory Statements.

5. Shareholders'/Investors' Grievances Committee

For effective and efficient shareholders services, the Company has a Shareholders'/Investors' Grievances Committee. The Committee comprises of Shri S.P. Setia & Shri S.C. Parija, Independent Directors and Shri Purrshottam Bhaggeria, Joint Managing Director of the Company. Shri. S.P. Setia is the Chairman of the Committee. Amongst the other functions, the Committee looks into redressal of Shareholders complaints like non-transfer of Shares, non-receipt of Balance Sheet, non-receipt of Dividends etc as required pursuant to Clause 49 of the Listing Agreement. The Company attends to Investors' Grievances/correspondences expeditiously and all efforts are made to reply immediately. The Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investors' services.

During the year ended 31st March, 2013, eleven shareholders' complaints were received and ten shareholders' complaints were resolved to the satisfaction of the shareholders and there was one complaint pending as at the year end, which has been resolved. There were no share transfers pending for registration as on 31st March, 2013.

The Company has also adopted a Code of Conduct for Prevention of Insider Trading in the Shares of the Company, pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.


Name and designation of Compliance Officer

Mr. Raman Kumar Jha, Company Secretary

6. General Body Meetings

The last three Annual General Meetings of the Company were held as under: -

Year	Location	Date	Time	Whether Special Resolution passed
2009-2010	Survey No.274 Demni Road, Dadra - 396 191 (U.T. of Dadra & Nagar Haveli)	25 th September, 2010	9.30 A.M.	No
2010-2011	Same as above	4 th July, 2011	09.30 A.M.	Yes
2011-2012	Same as above	27 th September, 2012	09.30 A.M.	No

No Special Resolution was passed by Postal Ballot in any of the aforesaid Annual General Meetings. As on date there is no proposal to pass any resolution by postal Ballot.

7. Disclosures

- None of the transactions with any of the related party were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with the related parties set out in Note No. 38 of financial statement forming part of the Annual Report.
- No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are adopted have been set out in the Notes to Accounts forming part of the Annual Report.
- The Company has not adopted a Whistle Blower Policy. However, no personnel were denied access to the Audit Committee.
- The Company has laid down Risk Management Policy to inform Board members about the risk assessment and minimization procedures.
- The Company has complied with all mandatory requirements set out in Clause 49 of the Listing Agreement.

8. Means of Communication

The Company publishes its quarterly/half yearly/annual results, amongst others, in The Free Press Journal, Financial Express and Sandesh (Gujarati) circulating in Dadra & Nagar Haveli where the Registered Office of the Company is situated. The same together with shareholding pattern and any other significant development is submitted to the Stock Exchanges and displayed on the Company's website: www.filatex.com. The Company is not making any official releases and not sending half-yearly report to the shareholders, as it is not a mandatory requirement.

The Company has not made any presentation to Institutional Investors or Analysts.

Management Discussion and Analysis Report forms part of the Annual Report, which is posted to the shareholders of the Company.

9. Code of Conduct for Directors & Senior Management Personnel

The Board has adopted a Code of Conduct for observance by Directors and Senior Management Personnel to ensure ethical conduct in performance of their duties.

The Code has been circulated to all the Directors and Senior Management Personnel and they have affirmed compliance of the same. A declaration in this regard signed by Managing Director of the Company is given at the end of this Report.

10. Shareholder's Referencer
10.1 Annual General Meeting:

- Date and Time 26th August, 2013 at 3.00 P.M.
- Venue Survey No. 274, Demni Road, Dadra - 396 191
(U.T. of Dadra & Nagar Haveli)

10.2 Financial Calendar (tentative)

- Results for the quarter ending 30-06-2013 before 14th August, 2013
- Results for the quarter/half year ending 30-09-2013 before 14th November, 2013
- Results for the quarter ending 31-12-2013 before 14th February, 2014
- Results for the quarter/year ending 31-03-2014 before 30th May, 2014

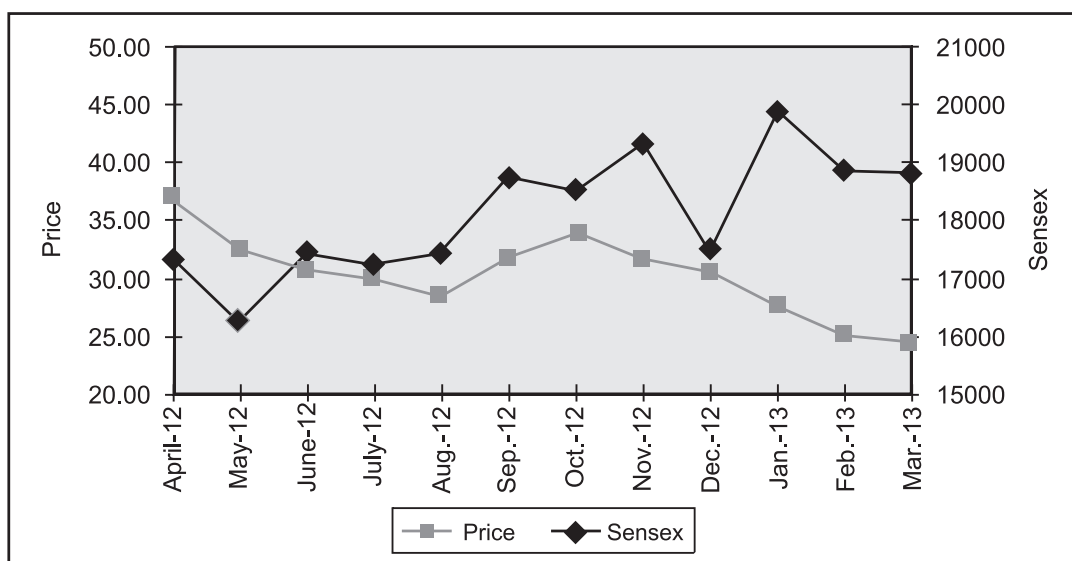


- 10.3 Book Closure Date : 19th August, 2013 to 26th August, 2013 (both days inclusive) for the purpose of Annual General Meeting.
- 10.4 Dividend Payment Date : Not Applicable
- 10.5 Listing of Equity Shares : BSE & NSE. Annual Listing fee for the year 2013-14 has been paid to the above Stock Exchanges.
- 10.6 Stock Code :
- (a) Trading Symbol at The Bombay Stock Exchange Limited 526227
The National Stock Exchange of India Limited FILATEX
- (b) ISIN allotted to : INE816B01019
Equity Shares
- 10.7 Stock Market Data:

Monthly High & Low of the Equity Shares of the Company for the year 2012-2013 based upon BSE Price data in comparison to BSE Sensex is given below:

Month	High		Low	
	Share Price	Sensex	Share Price	Sensex
April, 2012	42.00	17664	35.00	17010
May, 2012	39.00	17432	31.00	15810
June, 2012	33.90	17448	26.75	15749
July, 2012	32.50	17631	27.00	16598
August, 2012	35.75	17973	26.00	17027
September, 2012	36.90	18870	28.70	17251
October, 2012	38.00	19137	29.00	18393
November, 2012	37.00	19373	27.00	18256
December, 2012	33.90	19612	28.05	19149
January, 2013	31.80	20204	27.00	19509
February, 2013	31.00	19967	24.00	18794
March, 2013	26.60	19755	17.05	18568

Stock Price Movement



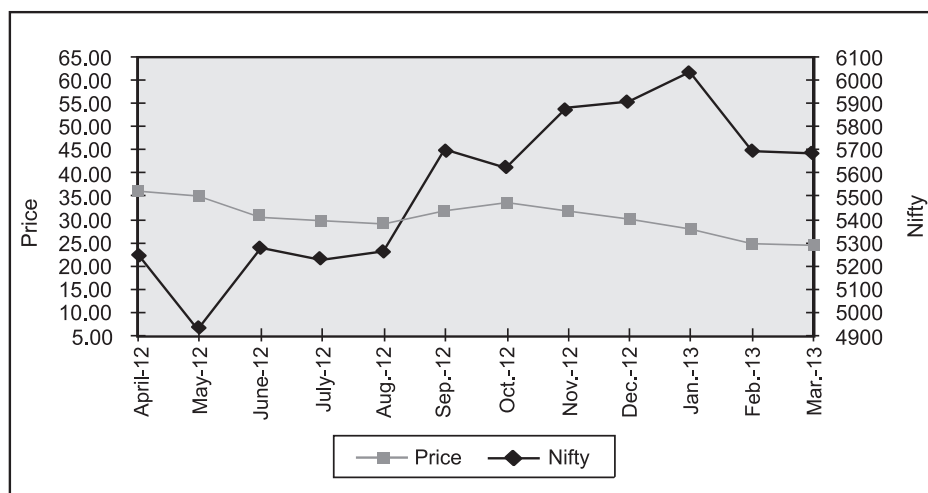
Note: Sensex V/s Closing Share Price on the last trading day of the Month.



Monthly High & Low of the Equity Shares of the Company for the year 2012 -2013 based upon NSE Price data in comparison to Nifty is given below:

Month	High		Low	
	Share Price	Nifty	Share Price	Nifty
April, 2012	43.10	5379	33.35	5248
May, 2012	38.30	5280	31.10	4789
June, 2012	35.60	5286	26.70	4770
July, 2012	35.90	5349	27.10	5032
August, 2012	35.20	5449	27.50	5165
September, 2012	35.80	5735	26.20	5216
October, 2012	40.75	5815	31.00	4888
November, 2012	37.95	5885	31.55	5548
December, 2012	32.85	5965	27.15	5823
January, 2013	31.55	6112	26.00	5935
February, 2013	28.00	6053	22.45	5672
March, 2013	27.60	5971	16.00	5605

Stock Price Movement



Note: Nifty V/s Closing Share Price on the last trading day of the Month

- 10.8 Registrar and Transfer Agents : All the works relating to the share registry for the shares held in the physical form as well as the shares held in the electronic form (Demat) are being done by MCS Limited at the following address:

MCS Limited
F-65, Okhla Industrial Area
Phase-I, New Delhi- 110020
Tel: 011-41406148
Fax: 011-41709881
Email: admin@mcsdel.com

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.

- 10.9 Share Transfer System: The Share Transfers in physical form are registered and returned to the respective shareholders within a period of 15 days from the date of receipt, subject to the documents lodged for transfer being valid in all respects. The Shareholders'/ Investors' Grievances Committee meets twice in a month to approve share transfers/transmissions.


10.10 Distribution of Shareholding according to categories of Shareholders as on 31st March, 2013:

S.No.	Category	No. of Shares	% to total
1.	Promoters Holding		
	Promoter Group	1,26,25,495	52.61
2.	Institutional Investors		
	Mutual Funds	63,400	0.26
	Banks and Financial Institutions	100	0.00
	Foreign Institutional Investors	23,02,500	9.59
3.	Others		
	Private Corporate Bodies	41,64,505	17.35
	Indian Public	43,50,193	18.13
	Trust	81,055	0.34
	NRI's/ OBCs	13,031	0.05
	Clearing Members	4,867	0.02
	Hindu Undivided Families	3,94,854	1.65
	TOTAL	2,40,00,000	100.00

Distribution of Shareholding as on 31st March, 2013 according to Size:

Range	Shareholders		Shares	
No. of Shares	Number	% to total holders	Number	% to total Capital
Upto 500	4643	84.93	743728	3.10
501 1000	324	5.93	272969	1.14
1001 2000	174	3.18	283553	1.18
2001 3000	92	1.68	241549	1.00
3001 4000	29	0.53	102002	0.43
4001 5000	41	0.75	196040	0.82
5001 10000	56	1.02	417464	1.73
10001 and above	108	1.98	21742695	90.60
Total	5467	100	24000000	100

10.11 Dematerialization of Shares:

The shares of the Company are traded in compulsory dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

Share Dematerialization record

As on 31st March, 2013, 2,35,90,790 Equity Shares were in dematerialized form which represents 98.29% of the paid up capital.

10.12 Outstanding GDR/ADRs/ Warrants or any Convertible Instruments, conversion dates and likely impact on Equity

Not Applicable

10.13 Plant Location

1. Survey No. 274, Demni Road, Dadra-396 191 (U.T. of Dadra & Nagar Haveli)
2. A-2, Extension Phase-II (Noida), Dist. Gautam Budh Nagar- 201 304 (U.P.)
3. Plot No. D-2/6, Jolva Village PCPIR, Dahej-2 Industrial Estate, GIDC, Distt. Bharuch Gujarat-392 130

10.14 Address for Investor Correspondence

MCS Limited
F-65, Okhla Industrial Area, Phase-I, New Delhi- 110020
Tel : 011-41406148, Fax : 011-41709881
Email: admin@mcsdel.com



Members can also contact at:
 The Company Secretary
 Filatex India Limited
 43, Community Centre,
 New Friends Colony, New Delhi - 110 025
 Email: shares@filatex.com, Fax : +91-11-26849915
 Shareholders are requested to quote their Folio Nos./DP Id/
 Client Id, No. of Shares held and address for prompt reply.

11. Directors Retiring by Rotation Re-appointment of Directors:-

Name of Directors	Shri Ram Avtar Bhageria	Shri Madhu Sudhan Bhageria	Shri Purshottam Bhaggeria	Shri Madhav Bhageria
Age (Years)	79	54	52	50
Qualifications	B.Com (Hons) from Shri Ram College of Commerce, Delhi University, Delhi	B.Com (Hons) from Shri Ram College of Commerce, Delhi University, Delhi	MBA, Cornell University, USA	B.Com (Hons) from Hindu College, Delhi University, Delhi
Date of Appointment	27-02-2003	30-07-2003	30-07-2003	30-07-2003
Expertise in specific functional areas/ other related activities.	Has vast experience in Polyester business and is associated with many NGOs and charitable Organisations	Promoter Director, Looking after Production, Modernization & Expansion and overall operations of the Company	Promoter Director, Looking after Finance, Accounts, Legal & Secretarial	Promoter Director, Looking after day to day plants operations at Dahej & Dadra and marketing functions at Mumbai & Surat
List of other Directorship (Indian Public Companies)	–	Helios Infrastructure & Projects Ltd. Roshanara Club Ltd. Toni Leathers Ltd. Animate Energy Limited Trilliant Hospitality Limited	Helios Infrastructure & Projects Ltd. Toni Leathers Ltd. Animate Energy Limited Trilliant Hospitality Limited	Helios Infrastructure & Projects Ltd. Animate Energy Limited Trilliant Hospitality Limited Tapti Valley Education Foundation
Chairman/Member of the committees of the Board of the Companies on which he is a Director.	Filatex India Limited Member- Audit Committee Member- Remuneration Committee	–	Filatex India Limited Member- Shareholders Grievances Committee	–

12. CEO/CFO Certification

In terms of Clause 49 of the Listing Agreement, Managing Director and Chief Financial Officer of the Company have submitted a certificate certifying various covenants about financial/cash flow statements, internal controls, financial reporting etc. in respect of Accounts for the year ending 31st March, 2013 to the Board of Directors.

13. Non Mandatory Items

The Company has not adopted any non mandatory requirements except the Remuneration Committee as mentioned in Annexure 3 of Clause 49 of the Listing Agreement. During the year under review no meeting of the Remuneration Committee was held.

DECLARATION

I, Madhu Sudhan Bhageria, Managing Director of the Company do hereby declare that all the Directors of the Company and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company for the financial year ended 31st March, 2013.

Place: New Delhi
 Date : July 25, 2013

Madhu Sudhan Bhageria
 Vice Chairman & Managing Director



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

TO THE MEMBERS OF FILATEX INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Filatex India Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except that the Chairman of Audit Committee was not present at the Annual General Meeting.

We state that in respect of investor grievances received during the year ended 31st March, 2013, the Company Secretary has certified that as at 31st March, 2013, there were no investor grievances remaining unattended/ pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **AMOD AGRAWAL & ASSOCIATES**
Chartered Accountants

VIRENDRA KUMAR
Partner
Membership No. 85380

Place : New Delhi
Dated : July 22, 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS

DISCLAIMER STATEMENT

Certain statements in this report on Management Discussion and Analysis may be forward looking statements and have been issued in terms of the applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed in the statements or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility in respect of forward-looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

INDUSTRY STRUCTURE & DEVELOPMENT

The global economy improved slowly in financial year 2012-13 but it has not recovered to the extent it was anticipated in the beginning of the year. Several European economies experienced recession due to high unemployment, banking, emergency rescue efforts, fiscal tightening and sluggish growth. The financial crisis of Eurozone nations is weakening the strength of the economic bloc and adversely impacting global economic growth. However, the US economy showed early signs of recovery, mainly on account of manufacturing growth and prudent policy initiatives. The emerging economies were also impacted by global headwinds, with China registering economic slowdown, along with other BRIC nations. In 2012-13, China grew by only 7.8%, while India finished the race a close second at 5%.

Global textile fibre industry is expected to grow to 105 MMT by 2020. Of this, polyester will account for over 68% of global demand growth. India is poised to strengthen its global foothold with polyester production share rising to 10% of global volume from the current 8%. With supplies likely to remain above incremental demand, utilisation rates are expected to remain under pressure in the medium term.

The global fibre production for 2012 was estimated at 82.0 million tonnes, registering an increase of 1.2% over 2011. Cotton fibres production is estimated to be 26 million tonnes and Man Made Fibre (MMF) is likely to account for 55 million tonnes. The polyester fibre in the MMF segment accounted for an estimated 41.3 million tonnes (75%). Polyester and cotton together accounted for 82% of the fibre volumes produced in 2012. The global fibre demand is expected to increase by 3% on medium term due to rising population and increasing prosperity in the emerging markets. China emerged as the biggest manufacturer of all MMF fibres with 35.5 million tonnes production volume, accounting for 64.5% of global MMF production. On the price front, cotton fibre's clear downward trend from mid-2012 is putting pressure on all other fibres.

Indian textile industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. India's textile sector contributes 4% to the country's gross domestic product (GDP), 14% of industrial production and 17% to country's export. The industry employs around 35 million people, and is the second largest provider of employment after the agricultural sector.

The most significant change in the Indian textile industry has been the advent of Man Made Fibre. India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. Man-made fibre production recorded an increase of 2 per cent during the year 2012-13. The MMF industry comprises fibre, filaments and yarns required for manufacturing apparel and non-apparel products. Although the preference for cotton yarn is high, a sizable segment of the Indian population prefers apparels made of polyester yarn and other synthetic materials as they are cheaper. The price competitiveness of polyester yarn vis-à-vis cotton yarn will support growth in demand for polyester yarn. As far as domestic scenario is concerned, signs are very encouraging. As per CRISIL Research Report on Man Made Fibre, the Polyester Filament Yarn (PFY) forms around 57% of the total Indian manmade textile production and about 27% of total textile production.

INDUSTRY OUTLOOK

India is the one of the world's largest producers of textiles and garments. Cotton and polyester are the major raw materials for India's textile industry. Cotton and polyester together account for around 90% of India's textile mill consumption of all fibres. India's per capita fibre consumption is around 5 kg, almost half the global level. Polyester is likely to play a dominant role in capturing the major incremental demand share to bridge this gap. The domestic prices of polyester and cotton witnessed less volatility during the year as compared to the volatility in cotton prices last year. This improved the profitability and viability of downstream textile industry. However, continued power shortage in key downstream textile and packaging manufacturing centres, especially in Southern India, limited polyester demand growth. The downstream polyester demand remained depressed earlier in the year, amidst subdued global markets due to high polyester inventories, lower margins and steep decline in the feedstock prices.

India's all fibre textile mill consumption is likely to grow at a 5.2% CAGR between 2012 and 2020 to 12.3 MMT. The CAGR growth for the demands for PFY and PSF (Polyester Staple Fibre) are expected to be 8.6% and 5.4%,



FILATEX INDIA LIMITED

respectively. Polyester is likely to account for a major 60% of incremental domestic fibre demand between 2012 and 2020. As per Technopak projections, India's total textile and apparel market size (domestic and export), estimated at \$ 89 billion in 2011, is projected to grow at a 9% CAGR to reach \$ 221 billion by 2021. The domestic textile and apparel market size was \$ 58 billion in 2011 and is projected to grow to \$ 141 billion by 2021. The key growth segments are technical textiles which is likely to see a 10% CAGR, followed by 9% in apparels and 8% in home textiles.

The long term growth and development of this industry is fairly secured because of low base per capita consumption of textile fabric in India as compared to developed countries. In a growing economy with high population, it gets additional support. In the short term, volatility in crude oil prices may impact the growth of the industry. The profit margins of the industry eroded in last two years mainly due to addition of large capacity of Polyester POY and import of Nylon Filament Yarn (NFY). Substantial import duty concessions, under FTAs signed by the Government of India with ASEAN member countries has become the bane of the industry and emerged as a major threat for the Synthetic Fibre Industry.

The Indian textile industry is set for strong growth, buoyed by both rising domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub. The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted foreign direct investments (FDI) worth Rs 5,674.45 crore (US\$ 1.04 billion) during April 2000 to February 2013.

In the years ahead relatively easier availability of raw materials, growing local and international demand and improved cost competitiveness of Indian manufacturers vis-à-vis their global competitors should permit strong growth in the PFY industry.

OPPORTUNITIES & CHALLENGES

Opportunities

- (i) Rapid urbanization, rising working population, an increase in disposable incomes and increasing affordability vehicles are driving demand in downstream industry
- (ii) Emerging non-apparel application of fibre
- (iii) Price competitiveness of PFY vis-à-vis cotton yarns
- (iv) Per capita consumption of Polyester in India is exceedingly low by world standards so there is a great scope for local demand.
- (v) Rural market will play important role in the economy which offers a major opportunity growth in the Polyester industry.
- (vi) Substantial gap in Demand & Supply
- (vii) Fast changes in fashion design, growing exports of textiles

Challenges

- (i) Unfavorable Exchange rate fluctuation
- (ii) International competition specially from China
- (iii) Inconsistent raw material supply
- (iv) Volatile and high raw materials prices due to middle-east crisis

COMPANY OUTLOOK

The Company's plant for Polyester Poly condensation having capacity of 216000 TPA and POY with capacity of 108000 TPA at GIDC Dahej has been commissioned and become fully operational during the year 2012-13. The Poly condensation unit brings the Company at par with other manufacturers of POY as company has also started making POY under Direct Melt Spinning Technology being used worldwide, by using PTA and MEG as raw materials. This will enable the Company to reduce operational costs and increase its profitability in coming years.

RISKS AND CONCERNS

The Company perceives the following main business risks:

- a) Unfavorable Exchange rate fluctuation
- b) High volatility in raw material prices
- c) Downstream industries might witness a slowdown, affecting demand for products



- d) Overcapacity of domestic PFY industry
- e) Volatility in crude oil prices
- f) Possible product substitution in the fibre market based on change in the prices of competitive fibres.
- g) International competition

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has comprehensive systems of internal controls to safeguard the Company's assets against the loss from unauthorized uses and ensure proper authorization of financial transactions. The system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, reliability of financial controls and compliance with applicable laws and regulations. The Company has an elaborate budgetary control system and actual performance, which is constantly monitored by the management. It has well defined organization structure, authority levels and internal guidelines and rules. The internal control system ensures that the financial and other records are reliable for preparing financial statements and other data and for maintaining proper records of assets.

The Company has appointed a firm of Chartered Accountants as the Internal Auditor to conduct operations and systems audit in accordance with audit plans adopted by the Audit committee. Internal Auditors as part of their assignment evaluate and assess the adequacy and effectiveness of internal control measures and compliance with policies, plans and statutory requirements. The Internal Audit Reports are reviewed at the Audit Committee Meetings and appropriate actions on the recommendation are initiated by the Management.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the Company achieved turnover of Rs. 137890 lacs as compared to Rs. 51934 lacs in the previous year resulting in an increase of 166%. The Net Profit after tax is Rs. 236 lacs as compared to Rs. 1370 lacs in the previous year. The finance cost is Rs. 2257 lacs as compared to Rs. 450 lacs resulting in an increase of 402%. The depreciation is Rs. 2111 lacs as compared to Rs. 952 lacs resulting in an increase of 122%. Increase in turnover is due to commissioning of plant for polyester Poly condensation and POY at GIDC, Dahej. The decrease in Net Profit is due to sluggish demand on account of slowdown in economy, adverse fluctuation in foreign exchange rates, higher finance cost & depreciation.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Human Resources are vital to the success of any Organization. The Company believes that the quality of its employees is the key to success in the long run and is committed to provide necessary human resource development and training opportunity to equip them with skill, on the job training and technical training and opportunity for open interactions, communications and feedback. Relations with employees remained cordial during the year under review. Consistent and fair policies ensure that industrial relations continue to be peaceful and results in improvement in productivity and effectiveness. The Company aims at creating development oriented approach for its employees by building systems, processes and focusing on recruitment of top quality manpower. Focus on performance appraisal and incentive schemes results in enhancing productivity on a substantial basis. It provides an opportunity to all the employees to utilize their full potential and grow in the organization and believes in empowering its people and providing a stimulating professional environment. The Company also provides safety training on regular basis to all the employees including temporary employees. The number of the persons employed in the Company as on 31.03.2013 is 1535 as compared to 1017 in the previous year.

ANNEXURE TO DIRECTORS' REPORT

REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY:

1. Energy Conservation measures taken:

The company, in line with its commitment towards conservation of energy, has taken the following steps through improved operational & maintenance practices:

- Selection of energy efficient technology to reduce power consumption
- 80% induction motors running with VFD to optimize power consumption
- Use of Heat Recovery System unit to preheat thermic fluid, hot water VAM and exhaust vam to produce chilled water to take maximum heat recovery in gas power plant



- Walls insulated for optimization & improvement of air conditioning system
- Optimization of compressed air system to save power. One IR-HP-700kw centrifugal compressor stopped by reconfiguring the operation combination by starting low capacity reciprocating compressor in auto mode.
- Modification in plant piping system to make different air circuits according to end use.
- Refrigerant air dryer used to improve dryer efficiency & reduction in loss.
- Pressure transmitter & inverter fixed in one air compressor to save energy by optimum running pressure.
- Latest type vacuum furnace installed in burn out area.
- Energy efficient motors (EFF1 type) installed in all application
- Creep speed configuration in melt pump and finish pump operation leading to saving in power consumption and production wastage.
- Timer installation in street light for switching on and off
- Installation of turbo ventilator in POY packaging and spinning shed
- Closed type heater installed in one d/tex machine.
- Energy efficient motors installed on d/tex machines.

2. Additional Investments and proposals, If any, being implemented for reduction of consumption of energy:

- Automation of process and utility cooling tower operation on temperature control basis
- Additional steam VAM chiller to be used for additional steam
- Low eldihide gases of stripper coloum to be use in HTM heater
- Modification & improvement of process system on regular basis as per market demand
- Low consumption LED lighting fixtures Installation in PTA warehouse
- Provided inverters for supply fan of AHU & air compressors motors.

3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Reduction in wastage and energy / power consumption per unit of yarn.
- Improvement in quality and productivity
- Lowering of equipment engagement load will result in longer life of equipments

4. Total energy consumption and energy consumption per unit of production:

The details are provided in Form 'A' given below.

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption - As per Form 'B' given below.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Activities relating to exports, initiative taken to increase export, development of new exports markets for product services & exports plans:

The Company is continuously exploring the possibilities its exports to newer markets. Participation in trade exhibition and various other publicity measures are undertaken, for export promotion.

- b)** Foreign Exchange earned : ₹ 1642 Lacs
 Foreign Exchange Outgo : ₹ 38798 Lacs

D. INFORMATION ON POLLUTION CONTROL MEASURES:

The Company is maintaining & monitoring environment and pollution control parameters at its plants on a continuous basis. The company is maintaining proper effluent treatment plant to keep the environment free. Environment & pollution parameters are regularly analyzed and actual values are within the permissible norms.


FORM 'A'
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

	2012-2013	2011-2012
A) Power and Fuel Consumption:		
1. Electricity		
a) Purchased Units KWH	47252797	47405940
Total amount (Rs. in lacs)	1981.72	1983.32
Rate per unit Rs.	4.19	4.18
b) Own generation through DG Sets		
Units KWH	1197055	691162
Units per Liter of Diesel oil	3.12	3.17
Cost per unit Rs.	14.21	11.37
c) Own generation through Gas Engine		
Units KWH	28015220	5602900
Units per SCM of Gas	3.83	3.79
Rate per unit Rs.	7.10	4.94
2. Coal (used in HTM for heating thermisol)		
Quantity (MT)	29746.110	-
Total amount (Rs. in lacs)	1048.47	-
Average Rate/Kg (in Rs.)	3.52	-
3. Furnace Oil		
- Quantity (MT)	30.975	270.485
- Total amount (Rs. in lacs)	11.38	92.16
- Average Rate/Litre (in Rs.)	36.73	34.07
4. Others	NIL	NIL
B) Consumption per unit of production :		
Electricity (KWH / per KG of product)		
(a) Polyester Chips	0.097	-
(b) Polyester/Nylon Yarn & NWF	0.819	0.917
Furnace Oil (KG /per KG of product)		
(a) Polyester/Nylon Yarn & NWF	0.001	0.005
Coal (KG /per KG of product)		
(a) Polyester Chips	0.278	-
(b) Polyester/Nylon Yarn & NWF	0.278	-



FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION:

Research and Development:

1. Specific areas in which Research and Development carried out by the Company:

- Optimization of process parameter to increase productivity, quality & efficiency
- New product development with special emphasis on specialty products.

2. Benefits derived as a result of the above research and development:

- Better product mix, cost reduction resulting in improved margins.
- Consistency in product quality
- Improvement in internal process

3. Future Plan of Action:

- To improve the standard of products
- Study of new material technology and development
- Re- use of waste water
- Forward integration into knitting and weaving

4. Expenditure on Research & Development:

- Capital)
- Recurring) The expenditure has been
- Total) charged under the primary
- Total Research & Development) heads of accounts.
- Expenditure as % of total turnover.)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation:

- Development of new products to cater to the market requirements. FDY with colour yarn is added in the Production capacity to cater different requirement of customers. Intermingling air system introduced to improve the quality of POY Yarn.
- Improvement / modification in process, equipments and products. The stress is laid on innovation in all the functions including production. The company has latest state-of-art machines and the company is continuously adopting the processes of production to increase its quality and consistency in its products. Market trends are regularly monitored to meet the requirements of the customers.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:

- Rationalization of manufacturing cost
- Enhanced manufacturing portfolio
- Improvement in operational efficiency and quality of product

3. In case of Imported Technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished: - N.A.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FILATEX INDIA LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Filatex India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and subject to:- *In terms of the Notification No.G.S.R. 225(E) dated March 31, 2009 as amended till date by the Ministry of Corporate Affairs (MCA) on Accounting Standard (AS-11), the Company had exercised option to adjust the foreign exchange difference on long term foreign currency loans (including foreign currency loans obtained under buyers credit with maturity of less than one year and considered as long term liabilities, as the same are to be rolled over for a period of three years from the date of origination) to the cost of qualifying capital assets. Accordingly, the company has added Rs.852.02 lacs for the year ended March 31, 2013 on account of foreign exchange difference to the cost of qualifying assets and charged depreciation of Rs 43.47 lacs for the year ended March 31,2013, consequently profit for the year would have been lower by Rs 808.55 lacs, give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a) In the case of Balance Sheet, of the state of affairs of the company as at 31st March,2013
- b) In the case of the Profit & Loss Account, of the profit for the year ended on that date
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended as that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, and Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) in our opinion, the Balance Sheet, and Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on



record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **AMOD AGRAWAL & ASSOCIATES**
Firm Registration No.005780N
Chartered Accountants

Place : New Delhi
Date : May 29, 2013

AMOD AGRAWAL
PARTNER
Membership No. 84175

Annexure Independent Auditor's Report

Referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" our report of even date-

Filatex India Limited

1. a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management during the year in a phased manner and no material discrepancies have been noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- c) The company has not disposed off substantial part of fixed assets during the year and going concern status of the company is not affected.
2. a) The management has conducted physical verification of inventory at reasonable intervals.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies in inventory were noticed on physical verification.
3. a) According to the information & explanations given to us the company has taken unsecured loan from one party covered under section 301 of the Companies Act 1956. The amount outstanding as on 31.03.2013 was nil & the maximum amount outstanding during the year was Rs. 103.00 lac.
- b) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence our comments on para (iii)(a) to (iii)(d) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There are no transactions in respect of sale of services during the year. Accordingly the issue of continuing failure to correct major weakness in internal control in these areas does not apply.
5. According to the information and explanations provided by the management, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules made thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956



and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have however, not made a detailed examination of these records.

9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it with the appropriate authorities.
- b) According to the information and explanations given to us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom duty and Excise duty outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
- c) According to the records of the company, there are no dues of wealth tax and cess, which have not been deposited on account of any dispute. Dues towards excise & customs duties, sales tax, VAT, service tax and income tax that have not been deposited on account of dispute are stated below:

Sl. No	Nature of Dues	Amt (Rs/lacs)	Period to which it relates	Forum where dispute is pending
1	NCCD on Deemed Exports & Job Work.	98.24	July, 2003 to June, 2004	Central Excise & Service Tax Appellate Tribunal, Western Zone, Ahmedabad.
2	NCCD on Deemed Exports.	2.76	July to Nov. 2004	Commissioner of Central Excise (Appeals), Vapi
3	Differential duty on import of chips	14.54	December, 2007	Asst. Commissioner of Customs, Group II, E&B, JNCH, Navi Mumbai.
4	Co-Party made with a customer for discrepancies in compliance of export obligation by customer.	15.00	April, 2007	CESTAT, Western Zone, Ahmedabad.
5	Estimation of sales value of Yarn	174.11	FY 2002-03	Supreme Court.
6	Demand on non receipt of Warehouse Certificate	4.81	June, 2005	Jt. Commissioner, Central Excise & Customs, Vapi.
7	Sales Tax	0.32	FY 2003-04	Jt. Commissioner (Appeals), Sales Tax
8	NCCD against CENVAT of basic excise duty	453.12	March 2006 to February 2008.	The Commissioner, Central Excise & Customs, Vapi
9	Penalty under Rule 209A of the CE Rules 1994.	0.50	FY 2005-06	The Asst. Commissioner, Customs, Group II, C&D, JNCH, Navi Mumbai.
10	Demand towards adjustments of NCCD against CENVAT credit of Basic Excise Duty.	21.68	February, 2008	The Jt. Commissioner, Central Excise & Customs, Vapi
11	Credit of Service Tax availed on courier service.	0.21	2005-06 & 2006-07	The Asst. Commissioner of Central Excise, Silvassa.
12	Income Tax demand on account of additions	33.37	AYs 2001-02 To 2005-06	Income Tax Appellate Tribunal, Delhi.
13	Penalty on Income Tax demand	33.37	AYs 2001-02 To 2005-06	Commissioner of Income Tax (Appeals)
14	Income Tax demand on account of additions	2.20	AY 2008-09	Commissioner of Income Tax (Appeals)
15	Demand for sale of Grey Knitted fabrics from the premises of various job workers.	603.52	FY 2008-09	CESTAT, WZB, Ahmedabad
16.	Cenvat credit of capital goods	5.19	2007-08 & 2008-09	The Asst. Commissioner of Central Excise, Silvassa.
17.	Excess credit availed on goods supplied to 100% EOUs	14.80	FY 2007-08 & 2008-09	The Addl. Commissioner of Central Excise, Silvassa.
18	Credit of Capital goods availed on Channels, Angles etc. for the year 2009-10 and 2010-11	5.81	2009-10 & 2010-11	The Commissioner (Appeals), Central Excise & Customs Vapi
19	Credit of Service Tax availed on Courier Services, GPA, Group Mediclaim and Vehicle insurance	1.68	2007-08 to 2011-12	The Deputy Commissioner of Central Excies, Silvassa
20	Fradulent availment of DEPB credit by M/s Shivam Overseas, Ludhiana by resorting to over valuation of their exported goods	8.64		The Commissioner of Customs (EP), New Custom House, Ballard Estate, Mumbai



Sl. No	Nature of Dues	Amt (Rs/lacs)	Period to which it relates	Forum where dispute is pending
21	Demand of duty on clearance of waste of Narrow Woven Fabrics for the year 2009-10 to 2012-13)	0.24	2009-10 to 2012-13	The Asstt. Commissioner of Central Excies, Silvassa
22	Credit of Service tax availed on the invoices issued in the name of Branch offices for the year 2010-11, 2011-12 & 2012-13	2.91	2010-11 to 2012-13	The Asstt. Commissioner of Central Excies, Silvassa
23	Credit of Service tax availed on courier service	0.30	2011-12 & 2012-13	The Asstt. Commissioner of Central Excies, Silvassa
24	Credit of Capital goods availed Pipes etc. for the year 2012-13	0.58	2012-13	The Asstt. Commissioner of Central Excies, Silvassa

10. The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses during the year under report and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to Financial institutions or banks.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi / mutual benefit fund and societies.
14. The company has not dealt/traded in shares, securities and debentures during the year.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. Based on the audit procedures applied by us & according to the information & explanations provided by the management, the term loans taken by the company during the year have been applied for the purpose for which the loans were obtained.
17. *According to the information and explanation given to us and on the basis of overall examination of the Balance Sheet of the company, we report that the funds amounting to Rs.2811.92 lacs raised on short term have been used for long term investment.*
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
19. During the period covered under our audit report, the Company has not issued any debentures. Therefore the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information & explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit that causes the financial statement to be materially misstated.

For **AMOD AGRAWAL & ASSOCIATES**
Firm Registration No.005780N
Chartered Accountants

Place : New Delhi
Date : May 29, 2013

AMOD AGRAWAL
PARTNER
Membership No. 84175

**FILATEX INDIA LIMITED****BALANCE SHEET AS AT MARCH 31, 2013****(Rs. in Lacs)**

Particulars	Notes	As at March 31, 2013	As at March 31, 2012
Equity & Liabilities			
Shareholders' Fund			
Share Capital	3	2,400.00	2,400.00
Reserves & Surplus	4	12,556.39	12,181.35
		<u>14,956.39</u>	<u>14,581.35</u>
Non - current liabilities			
Long term borrowings	5	18,380.48	18,648.25
Deferred tax liability (Net)	6	1,601.30	1,474.89
Other Long term liabilities	7	18.69	17.66
Long term provisions	8	262.93	191.02
		<u>20,263.40</u>	<u>20,331.82</u>
Current liabilities			
Short term borrowings	9	17,575.75	4,307.20
Trade Payables	10	14,104.11	1,088.78
Other current liabilities	11	7,449.96	5,299.37
Short term provisions	12	112.71	317.48
		<u>39,242.53</u>	<u>11,012.83</u>
Total		<u>74,462.32</u>	<u>45,926.00</u>
Assets			
Non- current assets			
Fixed Assets			
Tangible assets	13	39,864.48	17,688.57
Intangible assets	13	25.74	13.74
Capital work in progress		384.87	18,474.01
Non-current Investment	14	0.03	0.77
Long term loans and advances	15	394.25	455.73
Other non-current assets	16	180.64	127.31
		<u>40,850.01</u>	<u>36,760.13</u>
Current assets			
Inventories	17	9,040.58	4,909.73
Trade receivables	18	13,754.17	2,667.42
Cash & bank balances	19	7,038.87	564.69
Short term loans & advances	20	2,085.31	965.94
Other current assets	21	1,693.38	58.09
		<u>33,612.31</u>	<u>9,165.87</u>
Total		<u>74,462.32</u>	<u>45,926.00</u>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for AMOD AGRAWAL & ASSOCIATES
 Firm Registration No. 005780N
 Chartered Accountant

AMOD AGRAWAL
 Partner
Membership No. 84175

Place : New Delhi
 Date : May 29, 2013

RAMAN KUMAR JHA
 Company Secretary

R P GUPTA
 Chief Financial Officer

for and on behalf of the Board of Directors of
FILATEX INDIA LIMITED

RAM AVTAR BHAGERIA, Chairman
MADHU SUDHAN BHAGERIA
 Vice Chairman & Managing Director
PURRSHOTTAM BHAGGERIA
 Joint Managing Director
S C PARIJA, Director
S P SETIA, Director
B B TANDON, Director

**FILATEX INDIA LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013****(Rs. in Lacs)**

Particulars	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from operations (gross)	22	1,37,889.91	51,934.06
Less : Excise duty		14,709.95	4,593.71
Revenue from operation (net)		1,23,179.96	47,340.35
Other Income	23	316.39	102.77
Total revenue (I)		1,23,496.35	47,443.12
Expenses			
Cost of material consumed	24	1,03,954.47	38,817.26
Purchases of traded goods	24	6,627.49	193.23
(Increase)/decrease in Inventories of finished goods and work in progress	25	(1,965.86)	(243.11)
Employee Benefits expense	26	2,643.60	1,440.91
Finance cost	27	2,256.81	449.71
Depreciation & amortization expense	13	2,111.09	951.61
Other Expenses	28	7,481.80	3,889.65
Total expenses (II)		1,23,109.40	45,499.26
Profit/(loss) before Tax		386.95	1,943.86
Tax expense:			
Current tax (MAT)		79.65	394.60
MAT credit entitlement		(79.65)	-
Taxation for earliear years		24.97	-
Deferred tax		126.41	179.17
Total tax expense		151.38	573.77
Net profit/(loss) after Tax		235.57	1,370.09
Earnings Per Share (EPS) in Rupees (not annualised)			
- Basic	29	0.98	6.19
- Diluted	29	0.98	6.19

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date
for AMOD AGRAWAL & ASSOCIATES
 Firm Registration No. 005780N
 Chartered Accountant

AMOD AGRAWAL
 Partner
Membership No. 84175

Place : New Delhi
 Date : May 29, 2013

RAMAN KUMAR JHA
 Company Secretary

R P GUPTA
 Chief Financial Officer

for and on behalf of the Board of Directors of
FILATEX INDIA LIMITED

RAM AVTAR BHAGERIA, Chairman
MADHU SUDHAN BHAGERIA
 Vice Chairman & Managing Director
PURRSHOTTAM BHAGGERIA
 Joint Managing Director
S C PARIJA, Director
S P SETIA, Director
B B TANDON, Director

**FILATEX INDIA LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013****(Rs. in Lacs)**

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash flow from operating activities		
Net profit / (loss) before tax	386.95	1,943.87
Adjustment for:		
Depreciation/amortization	2,111.09	951.61
Impairment/other write off on tangible/intangible assets pertaining to continuing operation liability written back	-	(12.76)
Loss/(profit) on fixed assets sold/discarded (net)	(9.49)	(5.84)
Interest expense	1,702.35	291.20
Interest income	(237.34)	(88.64)
Dividend income	(11.23)	(15.68)
Miscellaneous expenses written off	-	2.00
Operating profit before working capital changes	3,942.33	3,065.76
Movements in working capital :		
Decrease/ (increase) in sundry debtors	(11,086.74)	37.31
Decrease/ (increase) loans and advances/other current assets	(2,681.76)	602.56
Decrease/ (increase) in inventories	(4,130.85)	348.18
Increase / (decrease) in trade & other payable / provisions	13,951.43	2,064.49
Cash generated from operations	(5.59)	6,118.30
Direct taxes paid	25.01	406.23
Net cash flow from operating activities (a)	(30.60)	5,712.07
Cash flows from investing activities		
Purchase of fixed assets	(6,523.30)	(23,331.68)
Sale of fixed assets	322.92	26.49
Sale/(Purchase) of non-current investments	0.74	(0.76)
Increase in deposits (pledged as margin money)	(1,249.29)	506.34
Interest received	237.34	88.64
Dividends received	11.23	15.68
Net cash flow from/(used in) investing activities (b)	(7,200.36)	(22,695.29)

**FILATEX INDIA LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012****(Rs. in Lacs)**

PARTICULARS	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash flows from financing activities		
Proceeds from issuance of Share Capital including premium	-	1,709.30
Proceeds from long-term borrowings from banks	2,373.31	16,387.72
Proceeds from long-term borrowings (unsecured)	1,700.00	-
Proceeds from short-term borrowings	13,268.55	265.98
Repayment of long term borrowings	(3,044.19)	(594.97)
Interest paid	(1,702.35)	(291.20)
Dividend paid	(120.00)	(171.41)
Tax on equity dividend paid	(19.47)	(28.47)
Net cash flow from/(used in) in financing activities (c)	12,455.85	17,276.95
Net increase/(decrease) in cash and cash equivalents (a + b + c)	5,224.89	293.73
Cash and cash equivalents at the beginning of the year	334.27	40.54
Cash and cash equivalents at the end of the year	5,559.16	334.27
Components of cash and cash equivalents		
Cash on hand	15.01	24.97
Balance with scheduled Banks :		
- on Current Account	850.98	305.76
- on term deposit account	5,535.30	230.42
- unpaid dividend accounts*	5.40	3.54
- Cheques, draft on hand	632.18	-
Cash and Bank Balances	7,038.87	564.69
Less : Fixed deposits not considered as cash and cash equivalents		
- Deposit pledge with banks	1,479.71	230.42
	5,559.16	334.27

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date attached
for AMOD AGRAWAL & ASSOCIATES
 Firm Registration No. 005780N
 Chartered Accountant

AMOD AGRAWAL
 Partner
Membership No. 84175

Place : New Delhi
 Date : May 29, 2013

RAMAN KUMAR JHA
 Company Secretary

R P GUPTA
 Chief Financial Officer

for and on behalf of the Board of Directors of
FILATEX INDIA LIMITED

RAM AVTAR BHAGERIA, Chairman
MADHU SUDHAN BHAGERIA
 Vice Chairman & Managing Director
PURRSHOTTAM BHAGGERIA
 Joint Managing Director
S C PARIJA, Director
S P SETIA, Director
B B TANDON, Director


NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013
1. Nature of Operation

Filatex India Limited (hereinafter referred to as “the Company”) is a manufacturer of Polyester Chips, Polyester/ Nylon/Polypropylene Multi & Mono Filament Yarn and Narrow fabrics.

2. Statement of Significant Accounting Policies
a) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis, except where stated otherwise. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

b) Use of estimates.

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Fixed Assets & Depreciation

- i) Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Subsequent expenditure relating to an item of fixed asset is added back to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts are charged to the statement of profit and loss account for the period during which such expenses are incurred.

- ii) Depreciation has been provided on straight-line method on pro-rata basis at the rates & manner prescribed in Schedule XIV of the Companies Act, 1956 except for the following assets where higher rate of depreciation is charged to represent the useful life of these assets.

Description	Rates charged (SLM)	Schedule XIV Rate (SLM)
Plant & Machinery (pre-used)	8.33%	5.28
Plant & Machinery (Capital spares)	12.50%	5.28

- iii) Fixed assets costing below Rs.5,000/- are fully depreciated in the year of acquisition.
- iv) Depreciation on the amount of additions made to fixed assets due to upgradation / improvements is provided over the remaining useful life of the asset to which it relates.
- v) Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis.
- vi) Lease hold improvements are amortized over the primary period of lease or useful life, whichever is lower.

d) Expenditure incurred during the construction period

- i) Expenditure directly relating to construction activity is capitalized (net of income, if any), Indirect



expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent, to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to Profit & Loss Account.

- ii) Capital Work in Progress is stated at cost (including borrowing cost, where applicable) incurred during construction, installation/ pre-operative period relating to items or projects in progress.

e) Intangible

Intangible assets, software etc. are accounted at their cost of acquisition and amortized over their estimated economic life not exceeding 5 years. Leasehold improvements are charged to the Profit & Loss Account over the primary period of lease.

f) Impairment of Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

g) Investments

Investments are stated at cost less provision for diminution in value.

h) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as expenses in the statement of Profit & Loss Account on a straight-line basis over the lease term.

i) Foreign Currency Transactions

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise .

In terms of the Notification No.G.S.R. 225(E) dated 31.03.2009 as amended till date issued by the Ministry of Corporate Affairs on Accounting Standard (AS-11) read with Clause 4(e) of AS-16 and Para 46A read with clarification issued by the Ministry of Corporate Affairs vide Circular No.25/2012



dated August 09, 2012 on AS-11 relating to “the effects of changes in Foreign Exchange Rates”, the Company has exercised option to adjust the foreign exchange difference on long term foreign currency loans to the cost of qualifying capital assets.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The Company obtains forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

j) Inventories

Inventories are valued as follows:

Raw material, consumables and stores & spares:

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost is determined on Weighted Average Method as against First In First Out (FIFO) followed in the previous year.

Work in Progress and Finished Goods:

Lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Waste

At net realizable value which is the estimated selling price in the ordinary course of business, less selling expenses.

k) Employees Benefits

The employees' gratuity fund and leave encashment schemes are the company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit credit Method.

l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyers. Sales are net of return, volume discount, trade discounts & sales tax /VAT including excise duty.

Export Benefits

Export benefits constituting duty drawback, incentives under FPS/FMS and Duty Free Advance License are accounted for on accrual basis.

Interest Income

Interest is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

Dividend Income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Insurance claims

Insurance claims are recognized to the extent the company is reasonably certain of their ultimate receipt.

**m) Borrowing cost**

Borrowing cost attributable to acquisitions and construction of assets are capitalized as a part of cost of such assets upto the date when such assets are ready for its intended use and other borrowing cost are charged to Profit & Loss Account.

n) Accounting for Taxes on Income

Provision for tax on income is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from “timing difference” between book and taxable profit is accounted for using the tax rates and laws that have been enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

o) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

p) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

r) Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earnings per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year adjusted for the effects of all dilutive potential Equity Shares.


3. SHARE CAPITAL
(Rs. in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs.10/- each	4,000.00	4,000.00
	4,000.00	4,000.00
Issued, subscribed and fully paid-up shares		
2,40,00,000 (previous year 2,40,00,000) Equity Shares of Rs.10/-each fully paid	2,400.00	2,400.00
	2,400.00	2,400.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period
Equity shares
(Rs. in Lacs)

	March 31, 2013		March 31, 2012	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	24,000,000	2,400.00	17,141,397	1,714.14
Add : Shares issued during the year	-	-	6,858,603	685.86
Outstanding at the end of the period	24,000,000	2,400.00	24,000,000	2,400.00

b. Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

8,41,397 equity shares of Rs. 10/- each issued to IDBI Limited as per terms of negotiated settlement with them at a premium of Rs. 13.77 per share on 18th September, 2007.

d. Conversion of convertible warrants and issue of fresh equity shares

Nil (during the previous year company had issued 40,00,000 equity shares of Rs.10/- each at a premium of Rs.30/- per share upon conversion of 40,00,000 convertible warrants of Rs.40/- each).

Nil (during the previous year the company received an amount of Rs.1429.30 lacs and had issued 2858603 equity shares of Rs.10/- each at a premium of Rs.40/- per share).

e. Details of shareholders holding more than 5% shares in the company
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Madhu Sudhan Bhageria 1252500 (previous year 1252500) equity shares of Rs.10/- each fully paid	125.25	125.25
Azimuth Investments Ltd. 3125000 (previous year 3125000) equity shares of Rs.10/- each fully paid	312.50	312.50
Nouvelle Securities (P) Ltd. 1989016 (previous year 1989016) equity shares of Rs.10/- each fully paid	198.90	198.90
Somerset Emerging Opportunities Fund Nil (previous year 1602000) equity shares of Rs.10/- each fully paid	-	160.20


4. Reserve & Surplus
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Capital Reserve	1,253.11	1,253.11
Capital Redemption Reserve	1,250.00	1,250.00
Securities Premium Reserve		
Balance as per the last financial statement	4,509.30	2,165.86
Add: Premium on equity shares issued during the year	-	2,343.44
Closing Balance	4,509.30	4,509.30
General Reserve	424.26	424.26
Surplus/(deficit) in the statement of profit & loss		
Balance as per last financial statement	4,744.68	3,653.51
Profit for the year	235.57	1,370.10
Less: Appropriations		
Proposed dividend on equity shares (previous year Re 1/- per share)	-	240.00
Tax on proposed equity dividend	-	38.93
Proposed dividend on equity shares written back *	(120.00)	-
Tax on proposed equity dividend written back *	(19.47)	-
Total appropriations	(139.47)	278.93
Net surplus in the statement of profit and loss	5,119.72	4,744.68
Total reserves and surplus	12,556.39	12,181.35

* Dividend has been partly written back as the share holders in their meeting approved 5% dividend as against 10% recommended by the Board of Directors.

5. Long term borrowings
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
From Banks (secured)		
(i) Term Loans		
- Rupee loans	3,809.73	5,643.27
- Foreign currency loans	1,812.99	1,969.00
(ii) Vehicle Loans	<u>98.90</u>	<u>126.27</u>
	5,721.62	7,738.54
Less : Current maturity (refer note no. 11)	<u>4,260.91</u>	<u>3,080.06</u>
	1,460.71	4,658.48
(iii) Buyers credit for capital goods	14,705.23	13,689.77
From a non banking financial institution (secured)		
- Rupee loan	342.43	-
Less : Current maturity (refer note no. 11)	<u>127.89</u>	-
	214.54	-
From body corporates (unsecured)	2,000.00	300.00
	18380.48	18648.25

I. Term loans

- a) **From banks under consortium arrangement** Rs.3,809.73 lacs (previous Year Rs.5,643.27 lacs), are secured by first mortgage created by way of deposit of title deeds on pari passu basis in respect of immovable properties, both present and future, and first charge by way of hypothecation of company's all movable assets (save & except inventories, book debts, vehicles acquired through specific loans). These loans are further secured by second charge by way of hypothecation of stocks of raw material, finished goods, semi-finished goods, stores & spares, book debts and other receivables (both present and future), pledge of 5 lacs equity shares of the



face value of Rs.10/- each of the company and mortgage of an immovable property owned by a promoter director and personal guarantees of the promoter directors. These loans bear floating interest rate ranging from Base Rate plus 3.00% - 4.25% p.a. and are repayable in quarterly installments upto March, 2019.

- b) **From State Bank of India** Rs.1,812.99 lacs (Previous year Rs.1,969.00) is collaterally secured by mortgage created by way of deposit of title deeds in respect of the immovable property situated at (i) Ground floor and Third floor of Plot no. 43, New Friends Colony, New Delhi 110025, belonging to promoters group, (ii) pledge of 35 lacs equity shares of the Company having face value of Rs.10/- each held in the name of the promoters group (iii) Third charge on company's fixed assets and current assets and are further secured by personal guarantee of Promoter Directors and the property owners. The loan bears floating interest at base rate plus 4.00% p.a. and is repayable in 8 quarterly ballooning instalments from July, 2012.
- c) **From a non banking financial institution** of Rs. 342.43 lacs (previous year Nil) and is secured by way of first and exclusive charge over some plant & machinery and personal guarantees of two promotor directors. The loan carries interest rate of 14% p.a. and repayable in 36 monthly installments from October, 2012.

II. Vehicle loans are secured by hypothecation of specific vehicles acquired out of proceeds of the Loans. The said loans carry interest rate which varies 7.79% to 13.31% repayables in 36 - 60 monthly instalments.

III. Buyers' Credit for capital goods

- a) Buyers' credit amounting to Rs.14,705.23 lacs (Previous Year Rs.13,689.77 lacs) are against Letters of Undertaking (LOUs) / Letter of Comfort (LOCs) issued by consortium of banks. LOUs / LOCs facility is secured by first mortgage created by way of deposit of title deeds on pari passu basis in respect of immovable properties, both present and future, and first charge by way of hypothecation of company's all movable assets (save & except inventories, book debts, vehicles acquired through specific loans). These loans are further secured by second charge by way of hypothecation of stocks of raw material, finished goods, semi-finished goods, stores & spares, book debts and other receivables (both present and future), pledge of 500000 equity shares of the face value of Rs.10/- each of the company, mortgage of an immovable property owned by a promoter director and personal guarantees of the promoter directors. The loan bears floating interest @ US Libor / Euribor plus 0.43% - 1.90% p.a.
- b) LOCs / LOUs facilities are sanctioned to the company as a sub limit of term loan. Liability towards Buyers' Credit under LOCs / LOUs will be liquidated out of the proceeds of term loans that are repayable over a period upto seven years.

IV. Unsecured Loans - From body corporates carry interest @ 9% p.a. and is payable after three years from the date of receipt.

6. Deferred tax liability

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	3,364.90	1,572.60
Gross deferred tax liability	3,364.90	1,572.60
Deferred tax assets		
Effect of expenditure debited to profit & loss account in the current year but allowed for tax purposes in the following years	133.91	97.71
Effect of carried forward loss	1,629.69	-
Gross deferred tax asset	1,763.60	97.71
Net deferred tax liability / (assets)	1,601.30	1,474.89
Net deferred tax liability / (assets) for the year / period	126.41	179.16

7. Other long term liabilities

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Deposits against vehicle	18.69	17.66
	18.69	17.66


8. Long term provisions
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Provision for Gratuity	151.40	116.71
Provision for Leave Encashment	111.53	74.31
Total long term provisions	262.93	191.02

9. Short term borrowings
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
(i) From Banks (Secured)		
Working Capital :		
- Rupee loans	-	2,734.84
- Foreign currency loans	-	600.00
Buyer's credit for raw material	17,575.75	972.36
Total short term borrowings	17,575.75	4,307.20

- I. Working capital loans from consortium member banks are secured by first charge by way of hypothecation of stocks of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) and are further secured by way of second charge on block of fixed assets of the company except vehicles and plant & machinery acquired out of specific loans(s). These are further secured by pledge of 5 lacs equity shares of the face value of Rs.10/- each of the company held by promoter directors, mortgage of an immovable property owned by a promoter director and personal guarantees of promoter directors on pari passu basis.
- II. The working capital loans from banks are repayable on demand and carry interest at Base Rate plus 3.25% p.a.
- III. Buyers' Credit for raw material are against LOUs / LOCs issued by consortium of banks. The LOUs / LOCs facility is sanctioned to the Company as a sub limit of Non Fund (LCs) based facility. The facility is secured by first charge by way of hypothecation of stocks of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) further secured by way of second charge in respect of entire block of fixed assets of the company except vehicles and some plant & machinery acquired out of specific loans(s). These are further secured by pledge of 5 lacs equity shares of the face value of Rs.10/- each of the company held by promoter directors, mortgage of an immovable property owned by a promoter directors and personal guarantees of promoter directors on pari passu basis. The loan bears floating interest @ US Libor / Euribor plus 0.43% - 1.90% p.a

10. Trade payable
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Trade payables		
Acceptances	11,267.62	-
Total outstanding dues of micro, small & medium enterprises	25.56	7.62
Total outstanding dues of other than micro, small & medium enterprises	2,810.93	1,081.16
Total trade payables	14,104.11	1,088.78


11. Other current liabilities
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Current maturity of long term borrowings		
From Banks (secured)		
(i) Term Loans		
- Rupee loans	2,809.92	3,031.58
- Foreign currency loans	1,400.00	-
(ii) Vehicle Loans	50.99	48.48
From a Non Banking Financial Institution (secured)		
- Rupee loans	127.89	-
Interest accrued but not due on borrowings	92.50	104.35
Dealer's deposits	105.19	97.20
Advance received from customers	249.07	133.20
Unpaid dividend	5.40	3.54
(To be transferred to Investor Education & Protection Fund as and when due)		
Dues to statutory authorities	233.88	92.90
Retention money for Capital goods	462.15	432.33
Expense payable	575.31	654.84
Payable others than trade	1,337.66	700.95
Total other current liabilities	7,449.96	5,299.37

12. Short term provisions
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Gratuity	23.03	20.25
Leave Encashment	24.97	18.30
Proposed Dividend including tax thereon	-	278.93
Provision for wealth tax	1.46	-
Provision for income tax under MAT (net of advance tax of Rs. 16.40)	63.25	-
Total short term provisions	112.71	317.48

13. Fixed assets
(Rs. in Lacs)

Discription	Gross Block				Accumulated depreciation / Amorisation				Net Block	
	April 1, 2012	Additions	Deduction/ Adjust-ments	March 31 2013	April 1, 2012	Current Year	Deduction/ Adjust-ments	March 31, 2013	March 31, 2013	March 31, 2012
Tangible Assets										
Land (free hold)	732.23	-	0.71	731.52	-	-	-	-	731.52	732.23
Land (Lease Hold)	1,677.78	-	-	1,677.78	5.32	0.53	-	5.85	1,671.93	1,672.46
Building Factory	2,955.51	3,844.39	-	6,799.90	421.67	179.56	-	601.23	6,198.67	2,533.84
Building Non Factory	570.85	243.93	-	814.78	139.55	10.00	-	149.55	665.23	431.30
Plant & Machinery ** #	20,975.31	20,383.44	529.64	40,829.11	9,166.92	1,836.11	225.21	10,777.82	30,051.29	11,808.39
Furniture & Fittings	150.23	33.41	-	183.64	90.11	12.40	-	102.51	81.13	60.12
Vehicles *	452.06	51.13	27.04	476.15	143.02	43.50	18.74	167.78	308.37	309.04
Office Equipments	161.10	14.78	-	175.88	53.52	8.47	-	61.99	113.89	107.58
Computer	86.44	19.86	-	106.30	52.83	11.02	-	63.85	42.45	33.61
	27,761.51	24,590.94	557.39	51,795.06	10,072.94	2,101.59	243.95	11,930.58	39,864.48	17,688.57
Intangible assets :										
Softwares	34.81	21.50	-	56.31	21.07	9.50	-	30.57	25.74	13.74
Total	27,796.32	24,612.44	557.39	51,851.37	10,094.01	2,111.09	243.95	11,961.15	39,890.22	17,702.31
Capital work in Progress #	18,474.01	-	18,089.14	384.87	-	-	-	-	384.87	18,474.01
Grand total	46,270.33	24,612.44	18,646.53	52,236.24	10,094.01	2,111.09	243.95	11,961.15	40,275.09	36,176.32
Previous year	23,074.30	23,706.90	510.87	46,270.33	9,200.74	951.61	58.34	10,094.01	36,176.32	13,873.56

* # Includes vehicles taken on hire purchase amounting to Rs.213.99 lacs (previous year Rs.189.85 lacs) and plant & machinery taken on hire purchase amounting to Rs.102.73 lacs (previous year Rs.18.99 lacs)

** Includes cost of Rs.342.93 lacs (previous year Rs.342.93 lacs) of water supply connection from GIDC (assets not belonging to Company) to be written off in five years.

Additions to buildings and plant & machinery include pre-operative expenses and interest during construction of Rs.2,438.01 lacs (previous year Rs.604.65 lacs) refer note no. 31

In terms of the Notification No.G.S.R. 225(E) dated March 31, 2009 as amended till date by the Ministry of Corporate Affairs (MCA) on Accounting Standard (AS-11), the Company had exercised option to adjust the foreign exchange difference on long term foreign currency loans (including foreign currency loans obtained under buyers credit with maturity of less than one year and considered as long term liabilities, as the same are to be rolled over for a period of three years from the date of origination) to the cost of qualifying capital assets. Accordingly, the company has added Rs.852.02 lacs for the year ended March 31, 2013 (upto previous year Rs.1346.36 lacs) on account of foreign exchange difference to the cost of qualifying assets.

Plant & Machinery of Dadra Unit of the value Rs.298.85 lacs (net of accumulated depreciation), which were damaged by fire on November 27, 2012 have been removed from the block and accounted for under claims recoverable from Insurance Company (refer note no. 32)


14. Non-current investments

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Investment in equity of subsidiaries		
Non-Trade		
Unquoted		
Nil (Previous year 7600) Equity shares of Rs.10/- each fully paid-up in Filatex Synthetics (P) Ltd.	-	0.76
Aggregate amount of unquoted investments	-	0.76
Quoted		
Investment in equity instruments		
5 (Previous year - 5) equity shares of '10/- each fully paid-up in Tata Coffee Ltd.	0.03	0.03
4600 (Previous year - 4600) equity shares of '10/- each fully paid-up in BSI Industries Ltd.	4.90	4.90
5000 (Previous year - 5000) equity shares of '10/- each fully paid-up in Cavalet India Ltd.	1.79	1.79
4500 (Previous year - 4500) equity shares of '10/- each fully paid-up in Montana International Ltd.	1.17	1.17
Less : Aggregate provision for diminution in the value of quoted investments	(7.86)	(7.88)
Aggregate amount of quoted investments	0.03	0.01
Total non-current investments	0.03	0.77

15. Long term loans & advances

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Capital Advances	210.35	357.07
Balance with excise/sales tax departments	24.95	4.45
Income Tax recoverable	79.30	94.21
MAT Credit entitlement	79.65	-
Total long term loans & advances	394.25	455.73

16. Other non - current assets

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Security Deposits	110.66	104.41
Fixed Deposits (Refer note no. 19)	42.33	0.25
Prepaid expenses	18.17	8.62
Interest receivable	0.15	-
Others	9.33	14.03
Total other non - current assets	180.64	127.31


17. Inventories (at lower of cost or net reliasable value)
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Raw Materials (including stock in transit Rs.418.14 lacs (Previous year - Rs.532.43 lacs)	3,882.29	2,164.03
Work In Progress	543.73	248.68
Finished Goods	3,911.69	2,240.88
Stores, Spares & Consumables	702.87	256.14
Total inventories	9,040.58	4,909.73

To mitigate the impact of frequent fluctuations in the prices, the method of valuation of inventories has been changed during the year from First in First Out (FIFO) to Weighted Average Method and consequently the inventory for the year is higher by Rs.57.76 lacs.

18. Trade receivables
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good*	509.67	132.35
Other Receivables		
Unsecured, Considered Good	13,244.50	2,535.07
Total Receivables	13,754.17	2,667.42

* Includes Rs.342.50 lacs (Previous Year 121.42 lacs) receivable from customers against VAT.

19. Cash and Bank balances
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents		
Cash on hand	15.01	24.97
Balances with Banks	850.98	305.76
Unpaid dividend a/c *	5.40	3.54
Cheques, draft on hand	632.18	-
Deposits with original maturity of less than 3 months	4,055.59	-
Other Bank balances :-		
Deposits with original maturity for more than 3 months but less than 12 months	1,473.97	230.67
Deposits with original maturity of more than 12 months (pledged as margin money)	48.07	-
	<u>1,522.04</u>	<u>230.67</u>
Less : Amount disclosed under non current assets	<u>42.33</u>	<u>0.25</u>
	<u>1,479.71</u>	<u>230.42</u>
Total cash & cash equivalents	7,038.87	564.69

* These balance are not available for the use by the Company as they represent corresponding unpaid dividend liabilities.


20. Short term loans & advances
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Advance to suppliers	538.13	56.53
Advance to Filatex Synthetics (P) Ltd. (Related party)	-	4.01
Balance with Excise Department	1,334.15	445.73
Vat Recoverable	1.79	126.46
DEPB licences in hand	-	99.99
Prepaid expenses	144.42	201.02
Advances to employees	32.02	32.20
Other advances	34.80	-
Total short term loans & advances	2,085.31	965.94

21. Other current assets
(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Export incentive receivable	133.96	40.59
Insurance claims receivable	1,390.95	7.34
Interest Receivable	70.94	10.16
Unamortised premium on forward contracts	97.53	-
Total other current assets	1,693.38	58.09

22. Revenue from operations
(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Sale of products	130,271.75	51,597.70
Sale of traded goods	6,918.78	245.95
Other operating revenue	699.38	90.41
Revenue from operations (gross)	137,889.91	51,934.06
Less : Excise Duty	14,709.95	4,593.71
Revenue from operations (net)	123,179.96	47,340.35

Other operating revenue comprising the following :
(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Other operating revenue		
Sales of scrap	135.30	41.09
Export incentives earned	152.53	49.32
Claim recoverable under loss of profit policy	411.55	-
	699.38	90.41


22. Revenue from operations (Contd.)

Sale of products		(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012	
	Qty (MT)	Value(Rs/lacs)	Qty (MT) Value(Rs/lacs)
Polyester, nylon & polypropylene monofilament yarn	1,161	2,488.27	1,376 2,368.58
Polyester monofilament yarn (Job work)	260	64.10	323 87.93
Polyester & polypropylene monofilament yarn	72,171	77,883.21	45,651 47,769.48
Narrow fabrics	1,208	1,562.79	1,063 1,264.93
Polyester chips	50,123	47,697.82	- -
Polyester chips (Job work)	5,752	174.85	- -
Waste		400.71	
		130,271.75	51,597.70
Sale of traded goods			
Purified terephthalic acid	6,778	4,475.81	- -
Mono ethylene glycol	3,703	2,442.97	- -
Polyester chips	-	-	317 172.15
Waste	-	-	156 73.80
		6,918.78	245.95

23. Other income

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest Income on		
(i) Fixed deposits	99.76	13.76
(ii) Others	137.58	74.88
Dividend on current investment in mutual funds	11.23	15.68
Profit / (loss) on sale of fixed assets	9.49	5.84
Exchange variation	58.33	(7.39)
	316.39	102.77


24. Cost of materials consumed
(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Raw material		
Inventory at the beginning of the year	1,443.94	2,575.57
Add : Purchases	103,091.26	36,197.34
	<u>104,535.20</u>	<u>38,772.91</u>
Less : Inventory at the end of the year	3,002.24	1,443.94
Raw material consumed	101,532.96	37,328.97
Consumables	393.99	197.21
Packing Material	2,027.52	1,291.08
Cost of materials consumed	103,954.47	38,817.26

Purchase of Traded goods
(Rs. in Lacs)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Purified terephthalic acid	6778	4,280.40	-	-
Mono ethylene glycol	3703	2,347.09	-	-
Polyester Chips	-	-	317	154.23
Waste	-	-	156	39.00
Total purchase of Traded goods		6,627.49		193.23

Details of raw material consumed

	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester chips	18,220	14,711.69	39,823	28,729.66
Polypropylene chips	6,765	5,844.82	8,003	6,311.73
Nylon chips	408	808.54	300	629.47
Purified terephthalic acid	87,068	56,813.30	-	-
Mono ethylene glycol	34,074	20,447.73	-	-
Others	-	2,906.88	-	1658.11
Total		101,532.96		37,328.97

Inventory of raw materials

	As at March 31, 2013		As at March 31, 2012	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester chips	599	514.35	1,054	785.02
Nylon chips	48	94.62	79	156.20
Polypropylene chips	163	149.18	239	202.65
Purified terephthalic acid	1,988	1,351.24	-	-
Mono ethylene glycol	696	452.65	-	-
Others	-	440.20	-	300.07
		3,002.24		1,443.94


25. Increase/(decrease) in inventories

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Closing stock		
- Finished goods	3,911.69	2,240.88
- Work- In- Progress	543.73	248.68
	4,455.42	2,489.56
Opening stock		
- Finished goods	2,240.88	2,071.59
- Work- In- Progress	248.68	174.86
	2,489.56	2,246.45
- Total increase/(decrease)	1,965.86	243.11

Inventory of finished goods

	As at March 31, 2013		As at March 31, 2012	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester, nylon & polypropylene				
Monofilament yarn	98	154.31	62	86.16
Multifilament yarn	2,467	2,647.74	1,890	1,924.55
Narrow fabrics	67	79.36	217	221.67
Polyester chips	1,059	1,013.42	-	-
Waste		16.86		8.50
		3,911.69		2,240.88

Inventory of work in progress

	As at March 31, 2013		As at March 31, 2012	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester, nylon & polypropylene				
Monofilament yarn	45	82.35	62	75.04
Multifilament yarn	254	241.60	117	113.10
Narrow fabrics	168	219.78	51	60.54
		543.73		248.68

26. Employee benefit expense

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries, wages and bonus	2,447.33	1,326.91
Contribution to provident & other funds	78.29	46.50
Gratuity	46.41	25.75
Staff welfare expenses	71.57	41.75
	2,643.60	1,440.91

27. Finance Cost

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest		
- on term loans	862.50	94.59
- on working capital & others	839.84	196.61
Bank Charges	412.99	83.50
Premium on forward contracts	141.48	75.01
	2,256.81	449.71


28. Other expenditure
(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Manufacturing Expenses		
Consumption of stores and spares	581.62	475.87
Power & Fuel	5,097.09	2,447.30
Increase/(decrease) in excise duty on finished goods inventory	192.43	54.09
Total manufacturing Expenses (A)	5,871.14	2,977.26
Selling Expenses		
Market Development Expenses	32.51	18.22
Freight outward	265.10	116.94
Commission on sales	264.34	164.30
Total selling expenses (B)	561.95	299.46
Administration and other expenses		
Rent	122.91	102.51
Repair & Maintenance - Machinery	130.79	100.00
- Building	75.34	44.60
- Others	97.74	59.93
Insurance	88.65	42.65
Rates & taxes excluding taxes on income	26.23	6.13
Auditor's remuneration	6.08	6.05
Electricity expenses	31.80	23.09
Printing & stationery	25.45	14.92
Postage, telephone & telegram	37.80	28.63
Travelling & conveyance	177.91	100.17
Vehicle running & maintenance	76.38	34.63
Legal & professional charges	71.72	26.26
Director's sitting fees	2.60	1.08
Security services	15.24	5.76
General expenses	25.94	11.76
Miscellaneous expenditure written off	-	2.00
Donation & charity	2.17	0.62
Advertisement & publicity	5.91	10.18
Membership & subscription	6.78	4.72
Loss / (profit) on forward exchange contracts	16.01	-
Sundry balances written off	5.26	(12.76)
Total administrative & other expenses (C)	1,048.71	612.93
Total other expenses (A + B + C)	7,481.80	3,889.65

29. Earning per share (EPS)
(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Net profit/(loss) for calculation of basic/diluted EPS	235.57	1,370.09
Weighted average number of equity shares for calculating basic & diluted EPS		
- Basic	24000000	22144804
- Diluted	24000000	22144804
Basic - in Rs. per share of the face value of Rs. 10/- each	0.98	6.19
Diluted - in Rs. per share of the face value of Rs. 10/- each	0.98	6.19


30. Contingent liabilities and Commitments (to the extent not provided for)

i) Contingent Liabilities

(Rs. In lacs)

PARTICULARS	For the year ended March 31, 2013	For the year ended March 31, 2012
a) Letters of Credit	2853.80	384.77
b) Unexpired Bank Guarantees	999.74	234.87
c) Excise / Customs (Mainly relating to reversal of cenvat credit of NCCD & valuation of texturised yarns).	1469.87	1,426.61
d) Sales Tax demand	0.80	18.48
e) Income Tax demand on account of :		
- Additions for the period AY 2001-02 to 2005-06	33.37	33.37
- Penalty for the period AY 2001-02 to 2005-06	33.37	33.37
- Additions for AY 2008-09	2.20	2.20
f) Claims against the company not acknowledged as debts	55.87	55.87

ii) Commitments

- The company carries an export obligation of Rs.20,168.00 lacs (previous year Rs.22,129.83 lacs) under EPCG Scheme against duty free import of plant and machinery.
- Capital contracts remaining to be executed (net of payments) and not provided for - Rs.427.28 lacs (previous year Rs.765.37 lacs).

- 31.** The Company's project for Polyester Poly-Condensation cum POY at GIDC Dahej, Gujarat which had started on 20th March, 2012 has been completed and become fully operational. Pre-operative expenses related to buildings and plant & machinery put to use, as detailed below, have been capitalized (refer note 13):-

(Rs. in Lacs)

Description	As on 01.04.2012	Incurred during 2012-13	Capitalised during 2012-13	Balance as on 31.03.2013
Payment & Benefits to Employees	228.73	276.20	504.93	—
Legal & Professional Expenses	55.01	59.24	114.25	—
Travelling & Conveyance Expenses	51.54	30.99	82.53	—
Interest and Bank Charges on Term Loans	874.01	616.13	1490.14	—
Administrative expenses	152.73	125.61	278.34	—
Total	1362.02	1108.17	2470.19	—
Less : Interest received on margin money deposits	29.11	3.07	32.18	—
Net pre-operative expenses	1332.91	1105.10	2438.01	—

- 32.** During the financial year, a fire broke at company's POY manufacturing unit at Dadra which affected functioning of some of the POY lines. The company is adequately insured and the insurers are in the process of assessing the quantum of loss. Some lines having partial damages have been repaired and were put to use again by March, 2013. Some lines which have major damages are expected to be replaced / restored by December, 2013. The loss caused by the fire is under determination, however, the Management is of the opinion that the company would be able to recover the loss as it has obtained insurance covers on reinstatement basis. However, the loss on repair / replacement, if any, would be accounted for upon settlement of the claim.

The company has lodged claim under Loss of Profit policy and has accounted for partial claim of Rs.411.55 lacs for the period upto March 31, 2013 calculated on the basis of best estimate by the management which has been separately shown as "Revenue from operations".


33. Statutory Auditor's Remuneration

(Rs. in lacs)

Particular	For the year ended March 31, 2013	For the year ended March 31, 2012
a) Audit fees	5.62	5.52
b) Tax audit fees	1.12	1.10
c) Out of pocket expenses	0.08	0.05
	6.82	6.67

34. Amount due to Suppliers covered under Micro Small & Medium Enterprises Development (MSMED) Act, 2006, on the basis of information available with the company, is as follows:

Description	For the year ended March 31, 2013	For the year ended March 31, 2012
Principal amount outstanding at the end of the year	25.56	7.62
Interest paid during the year	-	-
Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	-	-
Interest remaining accrued and unpaid at the end of the year	-	-
Interest due of the previous year	-	-

35. Segment reporting as defined in Accounting Standard 17 is not applicable as the Company is primarily engaged in manufacture of Synthetic Yarn & Textiles.

36. Forward Exchange Contracts and Unhedged Foreign Currency Exposure:

- i) Forward contract outstanding as at Balance Sheet date.

Particulars of Derivatives	Currency	For the year ended March 31, 2013	For the year ended March 31, 2012	Purpose
Purchase	USD	2999000	5035729	Repayment of Loan
Purchase	USD	14723633	1355292	Repayment of Buyer's Credit
Purchase	USD	118129	12280	Interest on Buyer's Credit

- ii) Particulars of Unhedged foreign Currency Exposures as at Balance Sheet date

Particulars	Currency	Amount in Foreign Currency	
		March 31, 2013	March 31, 2012
Import Creditors	US\$	20824420	872555
	Euro	-	14946
	CHF	-	15300
Buyers Credit	US\$	41447151	21708305
	Euro	2878407	2878407
Export Debtors	US\$	720691	432911
	Euro	-	3684
Loans	US\$	370000	-

- iii) Premium for forward contracts for unexpired period of Rs.97.53 lacs has been carried over to next year (Previous year Rs.82.59 lacs) and will be charged to Profit & Loss Account as and when the underlying transaction will mature.

37. Subsidiary and consolidation of financial statement.

The Company namely 'Filatex Synthetics Private Limited' was incorporated on 9th March, 2012 as a subsidiary company and no transaction / business has taken place since its incorporation. During the year, the company has sold its shares in the said company and consequently it is no more a subsidiary company.


38. Related Party Disclosure:

- (i) Names of related parties and nature of relationships:
- a) Key managerial personnel:
 - i) Shri Madhu Sudhan Bhageria
 - ii) Shri Purrshottam Bhaggeria
 - iii) Shri Madhav Bhageria
 - b) Relative of key managerial personnel:
 - i) Shri Ram Avtar Bhageria (Father of related parties mentioned at (a) above).
 - ii) Smt. Satyabhama Bhageria (Mother of related parties mentioned at (a) above).
 - iii) Ms. Vrinda Bhageria (Daughter of related party mentioned at a(i) above).
 - iv) Mr Yaduraj Bhageria (Son of related party mentioned at a(ii) above).
 - v) Mr. Vedansh Bhageria (Son of related party mentioned at a(iii) above).
 - c) Subsidiary Company:
Filatex Synthetics (P) Ltd. (Upto 16.12.2012, refer note 37)
 - d) Enterprises owned or significantly influenced by key managerial personnel:
 - i) M/s Ram Avtar Bhageria (HUF)
 - ii) M/s Madhu Sudhan Bhageria (HUF)
 - iii) M/s Purrshottam Bhaggeria (HUF)
 - iv) M/s Madhav Bhageria (HUF)
 - v) M/s Nouvelle Securities Pvt Ltd
 - vi) M/s SMC Yarns Pvt Ltd
 - vii) M/s Azimuth Investments Ltd
 - viii) M/s Hill Estate Pvt. Ltd.
- (ii) Transactions with related parties during the year :

(Rs. in lacs)

Nature of Transactions	Key Management Personnel	Relative of key managerial personnel	Subsidiary Company	Enterprises owned or significantly influenced by key managerial personnel
Rent paid				
Purrshottam Bhaggeria	5.62 (5.62)			
Ram Avtar Bhageria		18.00 (14.75)		
Satya Bhama Bhageria		3.00 (3.25)		
Vrinda Bhageria		4.50 (-)		
Vedansh Bhageria		2.25 (-)		
Yaduraj Bhageria		2.25 (-)		
Madhu Sudhan Bhageria (HUF)				3.00 (3.00)
Purrshottam Bhaggeria (HUF)				3.00 (3.00)
Madhav Bhageria (HUF)				3.00 (3.00)
Nouvelle Securites (P) Ltd				9.00 (9.00)
Hill Estates (P) Ltd				2.25 (0.65)
Money Received against Convertible Warrants				
Madhu Sudhan Bhageria	— (15.00)			



(Rs. in lacs)

Nature of Transactions	Key Management Personnel	Relative of key managerial personnel	Subsidiary Company	Enterprises owned or significantly influenced by key managerial personnel.
Purrshottam Bhaggeria	— (13.75)			
Madhav Bhageria	— (47.00)			
Madhu Sudhan Bhageria (HUF)				— (6.00)
Purrshottam Bhaggeria (HUF)				— (5.50)
Madhav Bhageria (HUF)				— (18.80)
Azimuth Investment Ltd				— (88.55)
Nouvelle Securities (P) Ltd				— (85.40)
<u>Equity Shares issued</u>				
Madhu Sudhan Bhageria (HUF)				— (120.00)
Purrshottam Bhaggeria (HUF)				— (110.00)
Madhav Bhageria (HUF)				— (376.00)
Azimuth Investment Ltd				— (506.00)
Nouvelle Securities (P) Ltd				— (488.00)
<u>Investments realized</u>				
Filatex Synthetics (P) Ltd			0.76 (0.76)	
<u>Loans Taken</u>				
Azimuth Investments Ltd				600.00 (45.00)
Nouvelle Securities (P) Ltd				— (310.00)
<u>Loans repaid</u>				
Azimuth Investment Ltd				600.00 (45.00)
Nouvelle Securities (P) Ltd				— (310.00)
Filatex Synthetics (P) Ltd advances received back			4.01 (4.01)	
<u>Interest Paid</u>				
Azimuth Investments Ltd				4.01 (0.07)
Nouvelle Securities (P) Ltd				— (0.93)



(Rs. in lacs)

Nature of Transactions	Key Management Personnel	Relative of key managerial personnel	Subsidiary Company	Enterprises owned or significantly influenced by key managerial personnel.
Balance Outstanding as on 31.03.2013				
Investment				
Filatex Synthetics (P) Ltd			— (0.76)	
Loans				
Filatex Synthetics (P) Ltd			— (4.01)	
Managerial Remuneration				
Madhu Sudhan Bhageria	42.93 (50.91)			
Purrshottam Bhaggeria	32.27 (51.29)			
Madhav Bhageria	26.14 (44.75)			
Collateral Security given by M/s Azimuth Investment Ltd against loan(s) taken:-				
i) Corporate Guarantee				
ii) Mortgage of an immovable property.				
iii) Pledge of 1860000 equity shares of the company.				

No amount has been written off or provided for in respect of transactions with related parties.

Figures in bracket represent previous year figures.

39. Employee Benefits

a) Provident Fund

Contribution to recognized provident fund

The Company contributed Rs.78.29 lacs (previous year Rs. 46.50 lacs) towards provident fund during the year ended March 31, 2013.

b) Gratuity Plan

The Company has a defined benefit gratuity plan. Gratuity is computed at 15 days salary, for every completed year of service or part thereof in excess of six months and is payable on retirement/ termination/ resignation. The benefit vests on the employees after completion of five years of service. The company makes provisions of such gratuity liability in the books of account on the basis of actuarial valuation as per projected unit credit method (PUCM).

The following table summarizes the components of net benefit expenses recognized in the profit and loss account and amount recognized in the balance sheet for gratuity.

(Rs. in lacs)

PARTICULARS	As on 31.03.2013	As on 31.03.2012
RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE PRESENT VALUE OF OBLIGATIONS		
Present value of obligation at the beginning of the year	136.96	109.71
Current Service Cost	30.55	20.25
Past Service Cost	—	—
Interest Cost	11.64	8.78
Benefits paid	(8.95)	(4.00)
Net actuarial (Gain) / Loss recognized in the year	4.22	2.22
Present value of obligation at the end of the year	174.42	136.96


39. Employee Benefits (Contd.)

RECONCILIATION OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AND FAIR VALUE OF PLAN ASSETS :		
Present value of obligation at the end of the year	174.42	136.96
Fair value of plan assets at the year end	—	—
Net Liability recognized in the Balance Sheet	174.42	136.96
COST OF THE YEAR :		
Current service cost	30.55	20.25
Past Service Cost	—	—
Interest Cost	11.64	8.78
Net actuarial (Gain) / Loss recognized in the year	4.22	2.22
Net cost recognized during the year	46.41	31.25
ASSUMPTION :		
Discount Rate	8.00%	8.50%
Rate of Increase in compensation	8.00%	8.00%
Employees age group	32	34

The estimates of future salary increases, considered in actuarial valuation, taken account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

The amounts for the current and previous four years are as follows:

(Rs. in Lacs)

Description	Gratuity				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	174.42	136.96	109.71	88.02	89.17
Plan Assets	—	—	—	—	—
Deficit	174.42	136.96	109.71	88.02	89.17
Experience adjustments on plan liabilities (Loss)/Gain	0.98	(6.33)	14.29	7.24	5.80
Experience adjustments on plan assets	—	—	—	—	—

40. The company has taken various residential, office and warehouse premises under operating lease agreements. These are generally non-cancelable and are renewable by mutual consent. There is no restriction imposed by lease agreements. There are no sub leases.

(Rs. in Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Total Lease payment for the year	122.91	101.31
Minimum lease payments not later than one year	82.84	92.92
Later than one year but not later than 5 years.	46.35	48.11
Later than 5 years	—	—

41. Particulars in respect of goods dealt with by the Company:
a) Value of imported and indigenous raw materials consumed

(Rs. in Lacs)

Description	Year ended March 31, 2013	Percentage (%)	Year ended March 31, 2012	Percentage (%)
i) Raw Materials				
- Imported	38573.33	38.00	4284.20	11.48
- Indigenous	62959.63	62.00	33044.77	88.52
	101532.96	100.00	37328.97	100.00
ii) Consumable/ Spares				
- Imported	153.07	15.69	54.03	8.03
- Indigenous	822.54	84.31	619.06	91.97
	975.61	100.00	673.09	100.00


41. Particulars in respect of goods dealt with by the Company (Contd.)
b) Value of Imports on CIF Basis
(Rs. in lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
i) Raw Materials	38256.70	2,663.11
ii) Capital Goods	85.49	11,813.62
iii) Consumable/Spares	112.48	65.93

c) Expenditure in Foreign Currency
(Rs. in Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
i) Foreign Travel	24.22	20.33
ii) Commission	9.03	11.15
iii) Foreign Bank Charges	3.11	5.04
iv) Interest on Buyer's Credit	307.52	279.80

d) Earnings in Foreign Exchange
(Rs. in Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
FOB Value of Export of Goods (excluding deemed exports)	1642.41	1,160.20

e) Net dividend paid to Non-Resident (NRI) shareholders for FY 2011-12

S.No.	Description	31.03.2013	31.03.2012
i)	Number of NRI shareholders (in absolute numbers)	18	22
ii)	Number of equity shares held on which dividend paid	10599	8597
iii)	Dividend paid by depositing in their NRO A/c in Indian Rupees (Rs.in lacs)	0.05	0.09

42. Figures have been rounded off to rupees in lacs and previous year figures have been regrouped / rearranged to the extent necessary to correspond with the figures for the current year.

As per our report of even date attached
for **AMOD AGRAWAL & ASSOCIATES**
Firm Registration No. 005780N
Chartered Accountant

AMOD AGRAWAL
Partner
Membership No. 84175

Place : New Delhi
Date : May 29, 2013

RAMAN KUMAR JHA
Company Secretary

R P GUPTA
Chief Financial Officer

for and on behalf of the Board of Directors of
FILATEX INDIA LIMITED

RAM AVTAR BHAGERIA, Chairman
MADHU SUDHAN BHAGERIA
Vice Chairman & Managing Director
PURRSHOTTAM BHAGGERIA
Joint Managing Director
S C PARIJA, Director
S P SETIA, Director
B B TANDON, Director

ADMISSION SLIP



FILATEX INDIA LIMITED

REGD. OFFICE: SURVEY NO. 274, DEMNI ROAD, DADRA
(U.T. OF DADRA & NAGAR HAVELI) 396 191

PLEASE COMPLETE THE ADMISSION SLIP AND HAND IT OVER AT THE ADMISSION COUNTER.

L .F. No./DP Id/Client Id :	Name of the Member/Proxy :
-----------------------------	----------------------------

I hereby record my presence at the Twenty Third Annual General Meeting of the Company held on Monday, 26th August, 2013 at 3.00 P.M. at Survey No. 274, Demni Road, Dadra (U.T. of Dadra & Nagar Haveli) 396 191.

Signature of the Member/Proxy :

Note: Jointholder(s) intending to attend the meeting are requested to obtain additional Admission slip from the Registered Office of the Company on or before 24th August, 2013 to avoid inconvenience.

----- (Please tear here) -----

PROXY FORM



FILATEX INDIA LIMITED

REGD. OFFICE: SURVEY NO. 274, DEMNI ROAD, DADRA
(U.T. OF DADRA & NAGAR HAVELI) 396 191

L .F. No./DP Id/Client Id

I/We _____ of _____ being a member/members of the above named Company, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Monday, 26th August, 2013 at 3.00 P.M. at Survey No. 274, Demni Road, Dadra (U.T. of Dadra & Nagar Haveli) 396 191 and at any adjournment thereof.

Signature _____

Date _____

Affix Re. 1/- Revenue Stamp

Note: Proxy Form must reach the Company's Registered Office not less than 48 hours before the scheduled time of the Meeting.

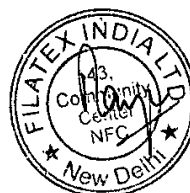
FILATEX INDIA LIMITED

BHAGERIA HOUSE
43 Community Centre,
New Friends Colony,
New Delhi - 110025
Fax: +91-11-26849915
Email: secretarial@filatex.com
Web: filatex.com

FORM B

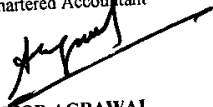
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	FILATEX INDIA LTD
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit qualification	Qualified Subject to
4.	Frequency of qualification	Appeared first time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Refer Note no. 13 in the financial statement for the year 2012-13 in regard to the following qualification appearing in the Auditors' Report (Page No 30 of Annunal Report) :-</p> <p>In terms of the Notification No.G.S.R. 225(E) dated March 31, 2009 as amended till date by the Ministry of Corporate Affairs (MCA) on Accounting Standard (AS-11), the Company had exercised option to adjust the foreign exchange difference on long term foreign currency loans (including foreign currency loans obtained under buyers credit with maturity of less than one year and considered as long term liabilities, as the same are to be rolled over for a period of three years from the date of origination) to the cost of qualifying capital assets. Accordingly, the company has added Rs.852.02 lacs for the year ended March 31, 2013 on account of foreign exchange</p>



		<p>difference to the cost of qualifying assets and charged depreciation of Rs 43.47 lacs for the year ended March 31, 2013 consequently profit for the year would have been lower by Rs 808.55 lacs.</p> <p>Management response to the qualification in the Directors Report:-</p> <p>The Auditors' observations contained in their report for the year under review are self explanatory and do not require any further comments as the same have been dealt with in Notes to Accounts.</p>
6.	Additional comments from the board/audit committee chair:	<p>The foreign currency loans obtained under buyers credit with maturity of less than one year are rightly considered as long term liabilities, as the same are to be rolled over for a period of three years from the date of origination hence addition of Rs.852.02 lacs for the year ended March 31, 2013 on account of foreign exchange difference to the cost of qualifying assets is as per intend of the Accounting Standard (AS-11) read with notification No G.S.R. 225(E) dated March 31, 2009 as amended till date by the Ministry of Corporate Affairs (MCA).</p>

For AMOD AGRAWAL & ASSOCIATES
Firm Registration No. 005780N
Chartered Accountant


AMOD AGRAWAL
Partner
Membership No. 84175


S C PARIJA
Audit Committee Chairman


R P GUPTA
Chief Financial Officer


MADHU SUDAN BHAGERIA
Vice Chairman & Managing Director

27 JUL 2013