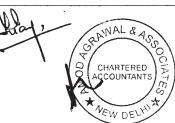
# FORM B (Format of covering letter of the annual audit report to be filed with the stock exchanges)

the annual financial statements and management response to the qualification in the directors report:  In terms of the Notification No.G.S.R. dated March 31, 2009 as amended till of the Ministry of Corporate Affairs (MC Accounting Standard (AS-11), the Conhad exercised option to adjust the exchange difference on long term focurrency loans (including foreign culoans obtained under buyers credit maturity of less than one year and consas long term liabilities, as the same are rolled over for a period of three years for date of origination) to the cost of qua capital assets. Accordingly, the companadded Rs.1996.66 lacs for the year March 31, 2014 on account of forexchange difference to the cost of qua assets and charged depreciation of Rs lacs for the year ended March 31, consequently loss for the year would been higher by Rs 1889.68 lacs.  Management response to the qualificat the Directors Report:  The Auditors' observations contained in report for the year under review and the process of the point of the year under review and the process of the year under year under year under year year.	1.	Name of the Company:	FILATEX INDIA LTD CIN: L17119DN1990PLC000091
4. Frequency of qualification  5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:  Refer Note no. 13 in the financial stat for the year 2013-14 in regard to following qualification appearing in Auditors' Report (Page No. 30 of Areport):  In terms of the Notification No.G.S.R. dated March 31, 2009 as amended till to the Ministry of Corporate Affairs (MC Accounting Standard (AS-11), the Conhad exercised option to adjust the fexchange difference on long term focurrency loans (including foreign currency loans) (includin	2.		31st March 2014
5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:    Refer Note no. 13 in the financial statements and for the year 2013-14 in regard to following qualification appearing in Auditors' Report (Page No 30 of Areport):    In terms of the Notification No.G.S.R. dated March 31, 2009 as amended till of the Ministry of Corporate Affairs (MC Accounting Standard (AS-11), the Conhad exercised option to adjust the exchange difference on long term currency loans (including foreign culoans obtained under buyers credit maturity of less than one year and consa long term liabilities, as the same are rolled over for a period of three years for date of origination) to the cost of qua capital assets. Accordingly, the comparadded Rs.1996.66 lacs for the year March 31, 2014 on account of exchange difference to the cost of qua assets and charged depreciation of Rs lacs for the year ended March 31, consequently loss for the year would been higher by Rs 1889.68 lacs.    Management response to the qualificate the Directors Report:-    The Auditors' observations contained in report for the year under review and the properties of the page of of the pa	3.	Type of Audit qualification	Qualified Subject to
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the Directors Report:-  The Auditors' observations contained in report for the year under review as			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.1996.66 lacs for the year ended March 31, 2014 on account of foreign exchange difference to the cost of qualifying assets and charged depreciation of Rs 106.98 lacs for the year ended March 31, 2014 consequently loss for the year would have been higher by Rs 1889.68 lacs.
report for the year under review as			Management response to the qualification in the Directors 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 been dealt with in Notes to Financial Statements.





6.	Additional comments from the
	board/audit committee chair:

The foreign currency loans obtained under buyers credit for import of Capital Goods 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.1996.66 lacs for the year ended March 31, 2014 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).

For AMOD AGRAWAL & ASSOCIATES

Firm Registration No. 005780N

Chartered Accountant

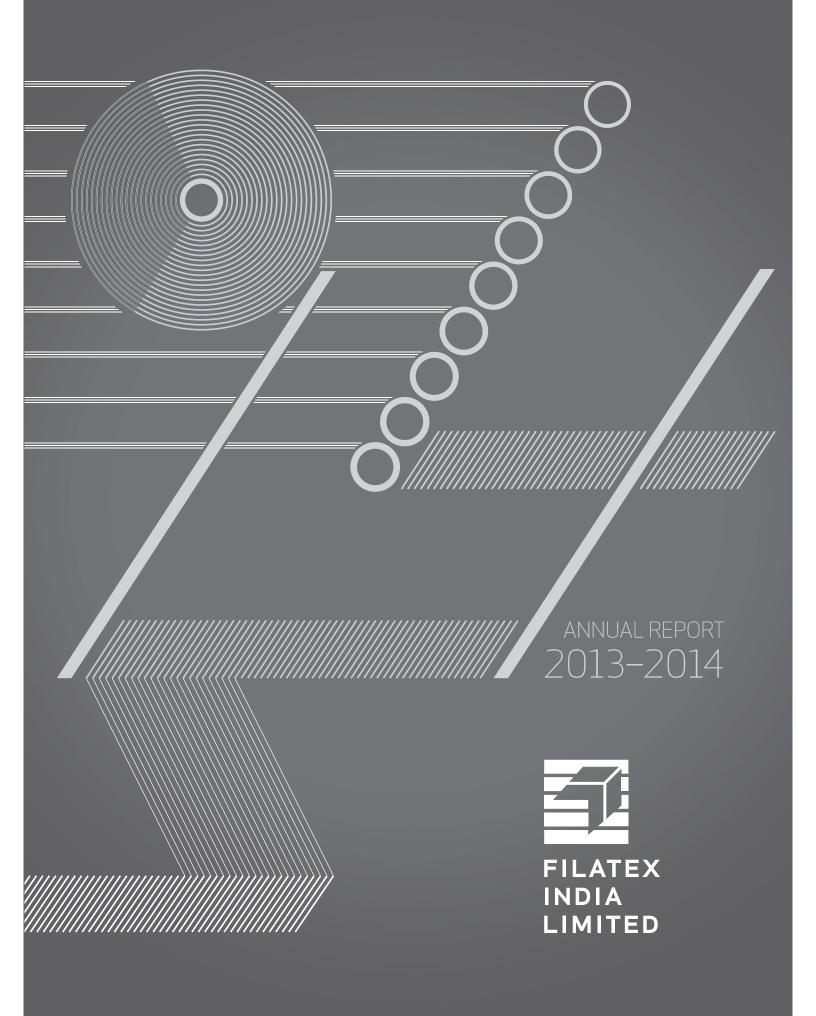
S CFARIJA
Audit Committee Chairman

(DIN 00363608)

5 SEP 2014

RAJZEMPH R P GUPTA CHIEF FINANCIAL OFFICER

MADHU SUDHAN BHAGERIA
Vice Chairman & MD
(DIN 00021934)





### **Board of Directors**

Mr. Madhu Sudhan Bhageria Vice Chairman & Managing Director

DIN: 00021934

Mr. Purrshottam Bhaggeria Joint Managing Director

DIN: 00017938

Mr. Madhav Bhageria Joint Managing Director

DIN: 00021953

Mr. Ashok Chauhan Wholetime Director

DIN: 00253049

Mr. B.B. Tandon **Independent Director** 

DIN: 00740511

Mr. S.C. Parija **Independent Director** 

DIN: 00363608

Mr. S.P. Setia **Independent Director** DIN: 00255049

Mrs. Pallavi Joshi Bakhru **Independent Director** DIN: 01526618

**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 - 396 193

(U.T. of Dadra & Nagar Haveli)

Ph: 260-2668343/8510 Fax: 0260-2668344 Email: fildadra@filatex.com Website: filatex.com

CIN: L17119DN1990PLC000091

**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 Transfer Agent Limited F-65, Okhla Industrial Area, Phase-I, New Delhi- 110020

Tel: 011-41406148 Fax: 011-41709881

Email: admin@mcsdel.com

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# Profile of Directors





# Madhu Sudhan Bhageria

Vice Chairman & Managing Director (Promoter)

- Gold medallist Commerce graduate from the reputed Shri Ram College of Commerce, Delhi University
- Rich 25 years experience in Polyester Industry
- Director in various other Companies
- President of PTA Users Association



Purrshottam Bhaggeria

Joint Managing Director (Promoter)

- Master's Degree in Business Administration from Cornell University, USA
- · Honorary Consul of Republic of Moldova in the Republic of India
- 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 Managing Committee of 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
- Director in various other Companies and member of Company's Shareholders Grievances Committee



Madhav Bhageria

Joint Managing Director (Promoter)

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



Ashok Chauhan

Wholetime Director

- B.E. (Mech) and Master Degree in Business Administration.
- Awarded Gold Medal for the best student of the College of 1968-1973 batch & received Best Sportsman Award in college
- Vast experience in Marketing, Project Management, General and overall Operation, Corporate Planning, Risk Evaluation & Business Investment Strategies
- 42 years of experience in diverse industry segments like Pulp & Paper, Chemicals, Engineering, Consultancy, Polyester Film, Hydro Power Plants, Solar/Renewable Energy, Real Estate Development & Constructions etc.





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 Ltd.



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



Pallavi Joshi Bakhru (Independent Director)

- Has more than 23 years of post-qualification experience in the field of taxation.
   Her area of expertise includes inbound and outbound structuring advisory (including regulatory compliance) for both Indian and Overseas Investors.
- She is a fellow member of the Institute of Chartered Accountants of India
- She is a member of The International Fiscal Association (India Branch)
- She is a Charter Member with TIE Delhi Chapter.
- Independent Director in various other Companies.

# Filatex India Limited





# NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of FILATEX INDIA LIMITED will be held on Tuesday, the 30<sup>th</sup> September, 2014 at 9.30 AM at the Registered Office of the Company at SURVEY NO.274, DEMNI ROAD, DADRA, (U.T. OF DADRA & NAGAR HAVELI)- 396 193 to transact the following businesses:

#### **ORDINARY BUSINESS**

- 1. To receive, consider and adopt the Balance Sheet of the Company as at March 31, 2014 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 Purrshottam Bhaggeria (DIN:00017938), who retires by rotation, and being eligible, offers himself for re-appointment.
- 3. To appoint Auditors of the Company from the conclusion of this meeting until the conclusion of the twenty seventh consecutive Annual General Meeting and to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, Amod Agrawal & Associates, Chartered Accountants (Firm Registration No.005780N), be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty seventh AGM of the Company, subject to ratification of their appointment at every AGM, on such remuneration as may be fixed by the Board of Directors of the Company".

#### **SPECIAL BUSINESS**

- 4. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:-
  - "RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Shri B.B.Tandon (DIN: 00740511), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years from the conclusion of Company's 24th Annual General Meeting to the conclusion of Company's 29th Annual General Meeting".
- 5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:-
  - "RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Shri S.C.Parija (DIN: 00363608), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years from the conclusion of Company's 24th Annual General Meeting to the conclusion of Company's 29th Annual General Meeting".
- 6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:-
  - "RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Shri S.P.Setia (DIN: 00255049), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years from the conclusion of Company's 24th Annual General Meeting to the conclusion of Company's 29th Annual General Meeting".
- 7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:-
  - "RESOLVED THAT Smt. Pallavi Joshi Bakhru (DIN: 01526618), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 20<sup>th</sup> September, 2013, in terms of Section 161(1) of the Companies Act, 2013 and Article 143 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, read with Schedule IV to the Act, in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director and who has also submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years from the conclusion of Company's 24<sup>th</sup> Annual General Meeting to the conclusion of Company's 29<sup>th</sup> Annual General Meeting".
- 8. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:RESOLVED THAT Shri Ashok Chauhan(DIN: 00253049), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 12<sup>th</sup> February, 2014, in terms of Section 161(1) of the Companies Act, 2013 and



Article 143 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and pursuant to the applicable provisions of the Companies Act, 2013 (Act) and the Rules made thereunder, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company and shall be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956) 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 appointment and payment to remuneration of Shri Ashok Chauhan(DIN: 00253049) as Wholetime Director of the Company for a period of one years w.e.f. 12.02.2014 on the following terms and conditions:

- 1. Remuneration not exceeding Rs. 36,00,000/- (Rupees Thirty Six Lacs) per annum on cost to company basis as may be determined between the Vice Chairman & Managing Director of the Company and Shri Ashok Chauhan.
- 2. Reimbursement of actual travelling and out of pocket expenses incurred in the course of the company's business and mobile phone as per the rules of the company.
- 3. Entitlement to privilege leave with full pay and casual leave benefits as per the rules of the company.
- 4. No sitting fee shall be payable for attending the meeting of the Board of Directors and Committees thereof.

RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded that in the event of loss or inadequacy of profits in any financial year during the tenure, Shri Ashok Chauhan 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 V of the Companies Act, 2013 (corresponding to schedule XIII of the Companies Act, 1956) including any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT Shri Madhu Sudhan Bhageria, Vice Chairman & Managing Director of the Company and Mr. Raman Kumar Jha, Company Secretary be and are hereby severally authorized to do all such acts, deeds, 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 in supersession of the resolution passed at the 22<sup>nd</sup> Annual General Meeting held on 27.09.2012, consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 180(1)(c) and other applicable provisions if any, of the Companies Act, 2013, for borrowing monies from time to time for the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the aggregate amount of monies which so borrowed (apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business) shall not at any time exceed the sum of Rs.1200 Crores (Rupees Twelve Hundreds Crores only)".
- 10. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**: "RESOLVED THAT in supersession of the resolution passed at the 22<sup>nd</sup> Annual General Meeting held on 27.09.2012, consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 180 (1)(a) and other applicable provision, if any, of the Companies Act, 2013, to create mortgage, charge, hypothecation, lien and other encumbrances, if any, by the Company, as the Board may deem fit, on the assets of the Company, both present and future, favouring various lenders who have granted and/or who may hereafter grant to the Company, financial facilities in the nature of short term/long terms, or other forms of secured financial facilities for an aggregate nominal value not exceeding Rs. 1200 crores (Rupees Twelve Hundreds Crores only) for the purpose of securing the said facilities granted/ to be granted to the Company together with interest, further interest, liquidated damages, cost, charges, expenses and other monies payable by the Company under the terms of the respective financial facilities.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorized to finanlise with the respective lenders the security documents and such other documents/agreements for creating or evidencing the creation of mortgage and/or charge as aforesaid and to do all such other acts, deeds and things and resolve any matter as may be necessary for giving effect to this resolution."

11. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**: "RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 2013, ("the Act"), the approval of the Members be and is hereby accorded to maintain and keep the Company's Register of Members, the Index of Members etc. required to be maintained under Section 88 of the Act and copies of all its annual returns prepared under Sections 92 and other applicable provisions, if any, of the Act together with the copies of certificates and documents required to be annexed thereto and such other documents as may be permitted under the Act, on and from October 1, 2014 at the Corporate Office of the Company at 43, Community Centre, New Friends Colony, New Delhi-110025".



12. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**: "RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and rules made thereunder and other applicable provisions, if any, of the Companies Act, 2013, the payment of Remuneration of Rs. 40,000 plus service tax and out of pocket expense to M/s Bahadur Murao & Co., a firm of Cost Auditors, (Firm Registration No. 000008), who were appointed by the Board of Directors in their Meeting held on 30<sup>th</sup> May 2014, for conducting the audit of cost records of the Company for the financial year ending 31<sup>st</sup> March 2015, be and is hereby approved and ratified".

By Order of the Board of Directors For FILATEX INDIA LIMITED

> RAMAN KUMAR JHA COMPANY SECRETARY

PLACE: NEW DELHI

DATE : 04TH AUGUST, 2014

REGISTERED OFFICE:

Survey No.274, Demni Road, Dadra-396 193

(U.T. of Dadra & Nagar Haveli) Phone no. 260-2668343/8510 Fax No.260-2668344

Email: fildadra@filatex.com
Website: filatex.com

CIN: L17119DN1990PLC000091

#### 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. The blank proxy form is enclosed. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
- 2. Explanatory statement pursuant to Section 102 of the Companies, 2013 in respect of Special Business under item No. 4 to 12 of the Notice is annexed hereto.
- 3. The Register of Members and Share Transfer Books of the Company shall remain closed from 22<sup>nd</sup> September, 2014 to 30<sup>th</sup> September, 2014 (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 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. As a part of Green initiative in the Corporate Governance, the Ministry of Corporate Affairs (MCA) vide its circulars dated 21<sup>st</sup> and 29<sup>th</sup> 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.

#### 11. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and rules made thereunder and listing agreement, the Company is pleased to provide members facility to exercise their right to vote at the 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)]:



- (i) Open email and open PDF file viz; "FIL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/
- (iii) Click on Shareholder Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Filatex India Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to shares@filatex.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
  - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
    - EVEN (E Voting Event Number) USER ID PASSWORD/PIN
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on 22<sup>nd</sup> September, 2014 (9:00 am) and ends on 24<sup>th</sup> September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23<sup>rd</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 23<sup>rd</sup> August, 2014.
- VII. Mr. K.O. Siddiaui has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.filatex.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges.

# EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 Item No(s). 4 to 6

The concept of appointment of Independent Directors has been introduced for the first time under the provisions of Companies Act, 2013 and was made effective from 1st April, 2014. However, your Company being a listed Company, by virtue of clause 49 of the Listing Agreement with Stock exchanges, was required to appoint requisite number of Independent Directors on the Board of Directors ("the Board") of the Company. Accordingly, Shri B.B.Tandon, Shri S.C.Parija and Shri S.P.Setia, Directors of the Company, whose appointment has already been approved by the Board and Members of the Company, are acting as Independent Directors in compliance with the listing requirement at the commencement of the Companies Act, 2013. However their terms are subject to liable by retirement by rotation as per erstwhile Companies Act, 1956.

Section 149 of the Companies Act, 2013 inter-alia provides that every listed public company shall have at least one-third of the total number of directors as Independent Directors and that every company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notification of the rules in this regard as may be applicable; comply with the said requirement.



Further Section 149 of the Companies Act, 2013, inter-alia, provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and their office will not be subject to retirement by rotation. It is further clarified that any tenure of an Independent Director on the date of commencement of this Act shall not be counted as a term of appointment of Independent Directors.

Based on the declaration received from Shri B.B.Tandon, Shri S.C.Parija and Shri S.P.Setia, Directors of the Company in terms of Section 149 (7) of the Companies Act, 2013, the Board is of the opinion that Shri B.B.Tandon, Shri S.C.Parija and Shri S.P.Setia fulfills the criteria of being appointed as Independent Directors as stipulated in Section 149 (6) of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013 and Rules made thereunder and are also independent of the management.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of requisite amount proposing the candidature for appointment of aforesaid Directors as Independent Directors.

Details in respect of the aforesaid three Directors are furnished in the Corporate Governance Report. All are eminent personalities in their respective fields. Your Board considers that their continued association with the Company would be of immense benefit to the Company. In view thereof, the Board recommends for approval of the members for the appointment of Shri B.B.Tandon, Shri S.C.Parija and Shri S.P.Setia, Directors of the Company as Independent Directors of the Company pursuant to the provisions of Companies Act, 2013 for a period of five years from the conclusion of Company's 24th Annual General Meeting to the conclusion of Company's 29th Annual General Meeting and shall not be liable to retire by rotation.

Your Directors recommend passing of the Resolutions at Item No(s). 4 to 6 as ORDINARY RESOLUTIONS.

None of the Directors except Shri B.B.Tandon, Shri S.C.Parija and Shri S.P.Setia and Key Managerial Personnel of the Company and their relatives are concerned or interested in the respective Resolutions.

#### Item No.7

Smt. Pallavi Joshi Bakhru was co-opted as Additional Director of the Company on 20.09.2013 in terms of Section 161(1) of the Companies Act, 2013 and Article 143 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting.

Based on the declaration received from Smt. Pallavi Joshi Bakhru in terms of Section 149 (7) of the Companies Act, 2013, the Board is of the opinion that Smt. Pallavi Joshi Bakhru, fulfills the criteria of being appointed as Independent Directors as stipulated in Section 149 (6) of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013 and Rules made thereunder and is also independent of the management.

Notice under Section 160 of the Companies Act, 2013 has been received from a member of the Company signifying his intention to propose the candidature of Smt. Pallavi Joshi Bakhru to the office of Independent Director of the Company.

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

The Board of Directors consider that the continuance of Smt. Pallavi Joshi Bakhru on the Board will be beneficial to the Company and recommend the resolution at Item No.7 of her appointment for your approval.

None of the Directors except Smt. Pallavi Joshi Bakhru and Key Managerial Personnel of the Company and their relatives are concerned or interested in this resolution.

#### Item No. 8

Remuneration Committee and the Board of Directors of the Company in their meeting held on 12<sup>th</sup> February, 2014 appointed Shri Ashok Chauhan as Additional Director as well as Wholetime Director on the terms and conditions and remuneration as stated in the resolutions for a period of one year w.e.f. 12.02.2014.

In the event of loss or inadequacy of profits in any financial year, he shall be eligible to receive the said remuneration alongwith perquisites/benefits as minimum remuneration in accordance with Schedule V of the Companies Act, 2013 (corresponding to Schedule XIII of the Companies Act, 1956) including any statutory modification(s) or re-enactment thereof.

The profile(s) of the aforesaid appointee 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. 8 as SPECIAL RESOLUTIONS.

None of the Directors of the Company except Shri Ashok Chauhan, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in this resolution.

#### Item No(s). 9 to 10

Section 180(1)(c) of the Companies Act, 2013 provides that the Board of Directors of a Public Company shall not, except with the consent of the Company in General Meeting, borrow monies which together with the monies already borrowed (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

The Company had in its meeting held on 27th September, 2013 passed the ordinary resolution for borrowings upto an aggregate limit of Rs.1200 crores under the erstwhile section 293(1)(d) of the Companies Act,1956. The Company had also in its meeting held on 27th September, 2013 passed the ordinary resolution to create mortgage, charge, hypothecation, lien and other encumbrances, by the Company, as the Board may deem fit, on the assets of the Company, both present and future, in favour of the various lenders for securing the said facilities granted/ to be granted to the Company together with interest, further



interest, liquidated damages, cost, charges, expenses and other monies for an aggregate nominal value not exceeding Rs. 1200 crores under the erstwhile section 293(1)(a) of the Companies Act, 1956.

However, in view of the enactment of the Companies Act, 2013, the said resolution is required to be passed vide special resolution. Further, the Ministry of Corporate Affairs have clarified vide their circular no. 4/2014 dated 25th March, 2014 that the resolution for borrowings and/or creation of security on assets of the Company passed under the erstwhile section 293(1)(d) of the Companies Act, 1956 shall remain valid for a period of one year only from the date of notification of section 180 of the Companies Act, 2013 i.e up to 11th September, 2014.

Your Directors are therefore of the opinion that the limit of the borrowing powers should continue to remain up to an amount of Rs. 1200 crores, which is exceeding aggregate of paid up capital and its free reserves, not set apart for any specific purpose. In view of the above, fresh resolutions for borrowings and to create mortgage, charge, hypothecation, lien and other encumbrances, by the Company, as the Board may deem fit, on the assets of the Company, both present and future, in favour of the various lenders for securing the said facilities granted/ to be granted to the Company together with interest, further interest, liquidated damages, cost, charges, expenses and other monies for an aggregate nominal value not exceeding Rs. 1200 crores are proposed to be passed vide special resolution as required as per section 180(1)(c) and 180(1)(a) of the Companies Act, 2013.

Your Directors recommend passing of the Resolutions at Item No. 9 & 10 as SPECIAL RESOLUTIONS.

None of the Directors of the Company, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in this resolution.

#### Item No. 11

The Register of Members etc required to be maintained under Section 88 and copies of all annual returns prepared under Section 92 of the Act together with the copies of certificates and documents required to be annexed thereto shall be kept at the Registered Office of the Company or with the approval of the shareholders at any place. Pursuant to Section 94 and other applicable provisions, if any of the Companies Act, 2013 ("the Act"), the consent of the members are sought for keeping of said Register of Members and Annual Returns alongwith annexure at the Corporate Office of the Company as set out in the resolution.

An advance copy of the proposed Special Resolution set out in item No. 11 will be delivered to the Registrar of Companies. Your Directors recommend passing of the Resolutions at Item No. 11 as SPECIAL RESOLUTION.

None of the Directors of the Company, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in this resolution.

#### Item No. 12

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March 2015. In accordance with the provisions of Section 148 of the Companies Act, 2013, and rules made thereunder, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 12 for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March 2015.

Your Directors recommend passing of the Resolutions at Item No. 12 as an ORDINARY RESOLUTION.

None of the Directors of the Company, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in this resolution.

By Order of the Board of Directors For FILATEX INDIA LIMITED

> RAMAN KUMAR JHA COMPANY SECRETARY

PLACE: NEW DELHI DATE: 04<sup>TH</sup> AUGUST, 2014

REGISTERED OFFICE: Survey No.274, Demni Road, Dadra-396 193 (U.T. of Dadra & Nagar Haveli) Phone no. 260-2668343/8510 Fax No.260-2668344

Email: fildadra@filatex.com Website: filatex.com

CIN: L17119DN1990PLC000091



#### **DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report alongwith the Audited Accounts for the year ended March 31, 2014.

FINANCIAL RESULTS: (Rs. in Lacs)

Particulars	2013-2014	2012-2013
Total revenue	176940	123180
Profit before Finance Cost,		
Depreciation and Tax	5446	4755
Finance Cost	4003	2257
Depreciation & amortization expense	2593	2111
Profit/(Loss) before tax	(1150)	387
Tax expense	,	
<ul><li>Current</li></ul>	-	80
<ul> <li>MAT credit entitlement</li> </ul>	-	(80)
<ul> <li>Taxation for earlier years</li> </ul>	34	25
<ul><li>Deferred</li></ul>	(375)	126
Net Profit/(Loss) after tax	(809)	236
Balance brought forward from previous year	5120	4745
Profit available for appropriation	4311	4981
Proposed Dividend on Equity Shares	<del>_</del>	(120)
Dividend Distribution Tax	<del>_</del>	(19)
Balance carried forward to Balance Sheet	4311	5120

#### DIVIDEND

In view of the loss during the financial year, the Board has not recommended any dividend on the equity shares for the year 2013-14.

#### **OPERATIONS**

During the year under review, the Company achieved turnover of Rs. 176940 lacs as compared to Rs. 123180 lacs in the previous year resulting in an increase of 44%. During the year under review, the Company has incurred net loss of Rs. 809 lacs as compared to net profit of Rs. 236 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.

#### **CLAIMS OF FIRE**

During the previous Financial Year a fire broke at Company's POY manufacturing unit at Dadra which affected functioning of some of the POY lines. Some lines which suffered partial damages were repaired and put to use again by March 2013. In respect of the lines which had major damages, in view of the substantial amount of expenditure required to be incurred to restore such machines, it is considered prudent to take the insurance claim on depreciated value without reinstating such machines. The company has accounted for claim amount of Rs. 1830.46 lacs (which includes interim claim of Rs. 500.00 Lacs, already received and net of Rs. 146.82 lacs received by disposal of the salvage).

The Company has also accounted for the claim recoverable under loss of profit policy amounting to Rs. 536.59 Lacs (Rs. 411.55 Lacs upto 31st March, 2013), computed on the basis of the best estimate of the Management and the same has been shown under other operating revenue.

#### SHARE CAPITAL

During the year under review, the Company had alloted 80,00,000 convertible warrants on preferential basis to the promoters/ others to be converted at the option of warrant holders in one or more tranches, within 18 months from the date of allotment of warrants i.e. 20th September, 2013 into equivalent number of fully paid equity shares of the Company of the face value of Rs. 10/- each at an exercise prce of Rs. 25/- per share (including premium of Rs. 15/- per share).

The Company had received Rs. 500/- lacs as application money being 25% of the issue price from 80,00,000 warrant holders and has further received Rs. 795/- Lacs towards balance amount being 75% of the issue price



from the holders of 42,40,000 warrants for which the warrant holders exercised the option to convert them into equity shares. The company had issued 42,40,000 equity shares of Rs. 10/- each at a premium of Rs. 15 per share on preferential basis upon conversion on February 12, 2014, after which the paid up share capital of the company increased to Rs. 28.24 crore from Rs. 24.00 crore.

#### **FIXED DEPOSITS**

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

#### **DIRECTORS**

Mr. Purrshottam Bhaggeria (DIN:00017938), Director, retires by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting. During the year under review, the Board of Directors appointed Mrs. Pallavi Joshi Bakhru (DIN:01526618) as an Additional Director as Independent in the meeting held on 20<sup>th</sup> September, 2013. She holds office upto the conclusion of the ensuing Annual General Meeting.

The Board of Directors had also appointed Mr. Ashok Chauhan (DIN: 00253409) as Additional as well as Whole-time Director in their meeting held on 12<sup>th</sup> February, 2014 for a period of one year w.e.f. 12.02.2014 at a consolidated Salary of Rs. 3.00 lacs per month subject to the approval of Members in the ensuing Annual General Meeting.

Shri Ram Avtar Bhageria (DIN:00021969) has resigned from the Board of Directors w.e.f. 7<sup>th</sup> November 2013. He was the founder of the Company and his contributions to the deliberation of the Board and its Committee in the two decades have been immense and immeasurable. Your Directors place on record their appreciation for the valuable guidance, support and sagacious advice given by Shri Ram Avtar Bhageria during his tenure as Director of the Company.

As per provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a terms upto five years and shall not be liable to retire by rotation. Accordingly the Board recommends the appointment of Independent Directors, Shri B.B.Tandon, Shri S.C.Parija, Shri S.P.Setia and Smt. Pallavi Joshi at the Annual General Meeting.

#### CORPORATE SOCIAL RESPONSIBILITY

As required under the Companies Act, 2013 ("Act"), the Board of Directors, in their meeting held on 30th May, 2014, constituted a Corporate Social Responsibility ("CSR") Committee consisting of Shri Madhu Sudhan Bhageria as the Chairman, Shri Purrshottam Bhaggeria, Shri Madhav Bhageria, Shri B.B.Tandon and Mrs. Pallavi Joshi Bakhru, as members. The Committee will work within the parameters of Section 135 of the Act and rules made thereunder to take the Company's CSR commitment forward.

# **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 loss 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 AND MANAGEMENT DISCUSSION & ANALYSIS

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 (Firm Registration No.005780N), 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 the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The Audit Committee and the Board of Directors therefore recommend their appointment as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twenty Seventh AGM of the Company.



#### **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 to Financial Statements.

#### **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., (Firm Registration No. 000008) a firm of Cost Auditors, for conducting the audit of such records for the financial year 2013-14. The Cost audit report for the financial year 2013-14 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 2014-15.

#### STOCK EXCHANGE LISTING

Presently, the Equity Shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange. The Annual Listing Fee for the year 2014-2015 has been paid to the Stock Exchanges.

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

A statement containing 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 information pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given.

# **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 Members in the Company.

For and on behalf of the Board of Directors

Place : New Delhi

Date: 4th August, 2014

MADHU SUDHAN BHAGERIA

Vice Chairman and Managing Director

(DIN: 00021934)

**PURRSHOTTAM BHAGGERIA** 

Joint Managing Director (DIN: 00017938)

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#### 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 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 consists of total 8 members comprising of 4 non-executive Directors out of which all four are Independent Directors representing an optimum mix of professionalism, knowledge and experience in their respective fields.

# i) 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 Purrshottam 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** Director	Non-Executive & Independent Director
7.	Shri S.C. Parija Director	Non-Executive & Independent Director
8.	Shri S.P. Setia Director	Non-Executive & Independent Director
9.	Smt. Pallavi Joshi Bakhru*** Director	Non-Executive & Independent Director
10.	Shri Ashok Chauhan**** Wholetime Director	Executive Director

<sup>\*</sup>Resigned on 07.11.2013

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 2013-14, the Board met five times on 29<sup>th</sup> May, 2013, 27<sup>th</sup> July, 2013, 20<sup>th</sup> September, 2013, 11<sup>th</sup> November, 2013 and 12<sup>th</sup> February, 2014.

<sup>\*\*</sup> Resigned on 07.04.2013

<sup>\*\*\*</sup>Appointed on 20.09.2013

<sup>\*\*\*\*</sup> Appointed on 12.02.2014



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	5	5	-	-	NO
3.	Shri Purrshottam Bhaggeria	5	5	-	-	NO
4.	Shri Madhav Bhageria	2	4	-	-	YES
5.	Shri B. B. Tandon	5	13	7	3	NO
6.	Shri Vibhu Bakhru***	Nil	3	-	-	NO
7.	Shri S.P. Setia	4	3	-	3	NO
8.	Shri S.C. Parija	5	1	1	1	NO
9.	Smt. Pallavi Joshi Bakhru****	1	1	-	-	N.A.
10.	Shri Ashok Chauhan****	Nil	-	-	-	N.A.

<sup>\*</sup> As on 31.03.2014. Represents Directorship & Membership/Chairmanship of Audit Committee & Shareholders Grievance Committee of Indian Public Companies.

### 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 and Wholetime Director 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 Listing Agreement with the Stock Exchanges, upon the resignation of Shri Ram Avtar Bhageria w.e.f. 07.11.2013, the Board in its meeting held on 11th November, 2013 had reconstituted the Audit Committee comprising of four Independent Directors namely, Shri S.P. Setia, Shri S.C. Parija, Shri B.B. Tandon and Smt. Pallavi Joshi Bakhru. 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, appointment of statutory auditors and internal auditors 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 for the management to develop and maintain a transparent and effective Internal Control system.

During the year 2013-14 the Committee met four times. The attendance at the meetings is as under: -

Date of Meeting	No. of Members present	
29-05-2013	4	
27-07-2013	4	
11-11-2013	2	
12-02-2014	4	

<sup>\*\*</sup> Resigned on 07.11.2013

<sup>\*\*\*</sup> Resigned on 07.04.2013

<sup>\*\*\*\*</sup> Appointed on 20.09.2013

<sup>\*\*\*\*</sup> Appointed on 12.02.2014



Shri Madhu Sudhan Bhageria, Vice Chairman & Managing Director, Shri Purrshottam 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. Nomination and 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 29<sup>th</sup> May 2013. Shri S.C. Parija is the Chairman of the Committee. Shri Ram Avtar Bhageria, consequent upon his resignation as director w.e.f. 07.11.2013, ceased to be member of the Committee. In compliance of the applicable provisions of the Companies Act, 2013, the Board in its meeting held on 30<sup>th</sup> May, 2014 renamed the Remuneration Committee as "Nomination and Remuneration 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. During the financial year ended 31st March, 2014, there were two meetings of the Committee held on 27th July, 2013 and 12th February, 2014.

Details of Remuneration paid to the Directors during the Financial Year ended 31st March, 2014

(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, V. C. & Managing Director	2976129	9360	1591602	_	4577091
3.	Shri Purrshottam Bhaggeria, Joint Managing Director	2380903	9360	1009258	_	3399521
4.	Shri Madhav Bhageria, Joint Managing Director	2380903	9360	267852	_	2658115
5.	Shri Vibhu Bakhru	_	_	_	_	_
6.	Shri S.P. Setia	_	_	_	90000	90000
7.	Shri S.C. Parija	_	_	_	110000	110000
8.	Shri B B Tandon	_	_	_	110000	110000
9.	Smt. Pallavi Joshi Bakhru	_	_	_	20000	20000
10.	Shri Ashok Chauhan Wholetime Director	361608	_	_	_	361608

The employment of Managing/Joint Managing Directors/Wholetime Director is on contractual basis. None of the Non-Executive Directors held any Equity Shares of the Company as on 31st March, 2014. The Managing/Joint Managing Directors/Wholetime Director are paid remuneration as approved by the Board of Directors and Shareholders on the recommendation of the Remuneration Committee 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 except Shri Ashok Chauhan, who has been appointed by the Board of Directors on the recommendation of the Remuneration Committee for a period of one year w.e.f. 12th February, 2014 are subject to approval of members in the ensuing Annual General Meeting, are made for a period of three years on the terms and conditions contained in the respective resolutions passed by the members in the Annual General Meetings. No notice period or severance fee is applicable to them.

#### 5. Stakeholders Relationship Committee

For effective and efficient shareholders services, the Company has a Stakeholders Relationship 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. In compliance of the applicable provisions of the Companies Act, 2013, the Board in its meeting held on 30<sup>th</sup> May, 2014 renamed the Shareholders'/Investors' Grievances Committee as "Stakeholders Relationship Committee".

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 31<sup>st</sup> March, 2014, seven shareholders' complaints were received and resolved to the satisfaction of the shareholders and there was no complaint pending as at the year end. There were no share transfers pending for registration as on 31<sup>st</sup> March, 2014.

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
2010-2011	Survey No.274 Demni Road, Dadra - 396 193 (U.T. of Dadra & Nagar Haveli)	4 <sup>th</sup> July, 2011	09.30 A.M.	Yes
2011-2012	Same as above	27 <sup>th</sup> September, 2012	09.30 A.M.	No
2012-2013	Same as above	26 <sup>th</sup> August, 2013	03.00 P.M.	Yes

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

- (i) 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. 37 of financial statement forming part of the Annual Report.
- (ii) 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.
- (iii) 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.
- (iv) The Company has not adopted a Whistle Blower Policy. However, no personnel were denied access to the Audit Committee.
- (v) The Company has laid down Risk Management Policy to inform Board members about the risk assessment and minimization procedures.
- (vi) 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 30th September, 2014 at 9.30 A.M.

- Venue Survey No. 274, Demni Road, Dadra - 396 193

(U.T. of Dadra & Nagar Haveli)

10.2 Financial Calendar

(tentative)

Results for the quarter ending 30-06-2014 before 14th August, 2014

Results for the quarter/half year ending 30-09-2014 before

14<sup>th</sup> November, 2014

Results for the quarter ending 31-12-2014 before 14th February, 2015 Results for the quarter/year ending 31-03-2014 before 30th May, 2015

10.3 Book Closure Date: 22nd September, 2014 to 30th September, 2014 (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

on Stock Exchanges at 2014-15 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

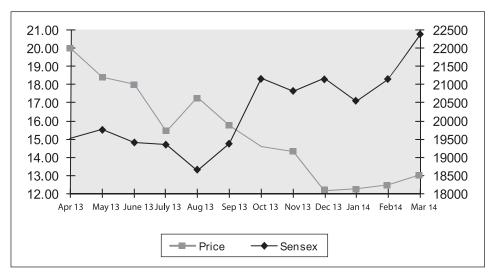
#### 10.7 Stock Market Data:

Monthly High & Low of the Equity Shares of the Company for the year 2013-2014 based upon BSE Price data in comparison to BSE Sensex is given below:

Month	High		Lo	ow
	Share Price	Sensex	Share Price	Sensex
April, 2013	26.90	19623	18.20	18144
May, 2013	22.10	20444	18.25	19451
June, 2013	18.90	19860	14.00	18467
July, 2013	19.90	20351	14.75	19127
August, 2013	18.85	19569	14.55	17449
September, 2013	16.95	20740	14.10	18166
October, 2013	17.85	21205	14.30	19265
November, 2013	15.51	21322	14.26	20138
December, 2013	14.50	21484	11.99	20569
January, 2014	13.99	21410	11.59	20344
February, 2014	13.25	21141	11.11	19963
March, 2014	13.71	22467	11.18	20921



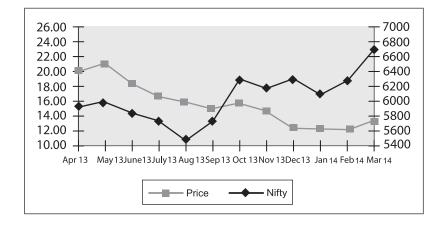
#### Stock Price Movement



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 2013-2014 based upon NSE Price data in comparison to Nifty is given below:

Month	High		L	_OW
	Share Price	Nifty	Share Price	Nifty
April, 2013	25.40	5962	18.05	5930
May, 2013	22.10	6229	20.00	5986
June, 2013	20.40	6011	18.40	5842
July, 2013	17.55	6093	16.65	5742
August, 2013	15.90	5809	14.70	5472
September, 2013	15.90	6143	15.00	5735
October, 2013	16.30	6309	15.00	6299
November, 2013	15.75	6343	14.65	6176
December, 2013	15.20	6415	12.40	6304
January, 2014	13.75	6358	12.30	6090
February, 2014	13.10	6283	11.10	6277
March, 2014	13.80	6730	11.05	6704
	Stock P	rice 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 Transfer Agent Ltd. 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, 2014:

S.No.	Category	No. of Shares	% to total
1.	Promoters Holding		
	Promoter Group	1,62,65,495	57.60
2	Institutional Investors		
	Mutual Funds	13,400	0.05
	Banks and Financial Institutions	100	0.00
	Foreign Institutional Investors	23,02,500	8.15
3	Others		
	Private Corporate Bodies	47,64,012	16.87
	Indian Public	43,56,657	15.42
	Trust	81,055	0.29
	NRIs/ OBCs	56,101	0.20
	Clearing Members	4,548	0.02
	Hindu Undivided Familes	3,96,132	1.40
	TOTAL	2,82,40,000	100.00

Distribution of Shareholding as on 31st March, 2014 according to Size:

Range		Sharel	nolders	Sha	ares
No. o	of Shares	Number	% to total holders	Number	% to total Capital
Upto	500	4061	83.35	623126	2.21
501	1000	310	6.36	260376	0.92
1001	2000	163	3.35	267252	0.95
2001	3000	92	1.89	238403	0.84
3001	4000	32	0.66	113123	0.40
4001	5000	38	0.78	183871	0.65
5001	10000	66	1.35	490951	1.74
10001	and above	110	2.26	26062898	92.29
Total		4872	100	28240000	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

10.12 Outstanding GDR/ADRs/ Warrants or any Convertible Instruments, conversion dates and likely impact on Equity As on 31st March, 2014, 2,78,84,190 Equity Shares were in dematerialized form which represents 98.74% of the paid up capital. It includes crediting of 42,40,000 equity shares in Demat accounts of Promoters & other pending for listing approvals of BSE & NSE.

During the year under review, the company had alloted 80,00,000 convertible warrants on preferential basis to the promoters/ others to be converted at the option of warrant holders in one or more tranches, within 18 months from the date of allotment of warrants i.e. 20th September, 2013 into equivalent number of fully paid equity shares of the company of the face value of Rs. 10/- each at an exercise price of Rs. 25/- per share (including premium of Rs. 15/-per share).

The company received Rs. 500/- lacs as application money being 25% of the issue price from 80,00,000 warrant holders and has further received Rs. 795/- Lacs towards balance amount of 75% of the issue price from the holders of 42,40,000 warrants for which the warrant holders exercised the option to convert them into equity shares. The company issued 42,40,000 equity shares of Rs. 10/each at a premium of Rs. 15 per share on preferential basis upon conversion on February 12, 2014. Upon conversion of 80,00,000 convertible warrants, no. of equity shares of the Company will be increased to 3,20,00,000 Equity Shares.

- 1. Survey No.274, Demni Road, Dadra-396 193 (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-392130

10.14 Address for Investor Correspondence

10.13 Plant Location

MCS Transfer Agent Ltd.

F-65, Okhla Industrial Area, Phase-I, New Delhi- 110020, Tel: 011-41406148

Fax: 011-41709881 Email: admin@mcsdel.com

Members can also contact: The Company Secretary Filatex India Limited

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

Email: shares@filatex.com

Shareholders are requested to quote their Folio Nos./DP Id/Client

ld, No. of Shares held and address for prompt reply

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

Name of Directors	Shri Purrshottam Bhaggeria	Shri Ashok Chauhan	Smt. Pallavi Joshi Bakhru
Age (Years)	52	62	46
Qualifications	MBA, Cornell University, USA	MBA, B.E (Mech.)	Chartered Accountant
Date of Appointment	30-07-2003	12-02-2014	20-09-2013
Expertise in specific functional areas/ other related activities.	Promoter Director, Looking after Finance, Accounts, Legal & Secretarial	Marketing, Project Management, General Administration and formation of Business Plans, Risk Evaluation & Business Investment strategies	Having more than 21 years of post- qualification experience in the field of taxation. Her area of expertise includes inbound and outbound structuring advisory (including regulatory compliance) for both Indian and overseas investors. She has specialization in cross border transactions, investment and business structuring, compliance, transaction advisory services, transfer pricing and indirect taxes.
List of other Directorship (Indian Public Companies)	Helios Infrastructure & Projects Ltd. Toni Leathers Ltd. Animate Energy Limited Trilliant Hospitality Limited PHD Chamber of Commerce and Industry	None	Hindustan Everest Tools Limited
Chairman/Member of the committees of the Board of the Companies on which he/she is a Director.	Filatex India Limited Member- Shareholders Grievances Committee	None	Filatex India Limited Member- Audit Committee



Name of Director	Shri B.B.Tandon	Shri S.C.Parija	Shri S.P.Setia
Age (Years)	73	73	72
Qualifications	IAS and certified associate of the Indian Institute of Bankers.	M.Sc (Fiscal Studies), Bath University, UK	B.Sc (Hons.)
Date of Appointment	12-04-2008	30-07-2003	30-07-2003
Expertise in specific functional areas/ other related activities.	Worked in various senior position with the Central and State Government and retired as Chief Election Commissioner	Taxation & Former Finance Chairman Income Tax Settlement Commission	Technical Consultant
List of other Directorship (Indian Public Companies)	Adani Power Limited ACB (India) Limited Bhushan Steel Limited Birla Corporation Limited Dhampur Sugar Mills Limited Exicom Tele-Systems Lmited Jaiprakash Power Ventures Limited Jaypee Infratech Limited Oriental Carbon & Chemicals Ltd. VLS Finance Limited Schrader Duncan Limited Ambuja Cement Foundation	ARSS Infrastructure Projects Ltd.	Amit Spinning Ltd. Trident Corporation Ltd.
Chairman/Member of the committees of the Board of the Companies on which he is a Director.	Member - Audit Committee Filatex India Limited Schrader Duncan Limited Birla Corporation Limited Oriental Carbon & Chemicals Ltd. VLS Finance Limited Chairman - Audit Committee: Bhushan Steel Limited Jaiprakash Ventures Limited Adani Power Limited Member - Shareholders Grievance Committee:	Chairman- Audit Committee: Filatex India Limited ARSS Infrastructure Projects Ltd.  Member - Shareholders Grievances Committee: Filatex India Limited ARSS Infrastructure Projects Ltd.	Amit Spinning Ltd. Chairman-Audit Committee Chairman-Shareholders Grievances Committee  Filatex India Limited Member- Audit Committee Chairman- Shareholders Grievances Committee Trident Corporation Limited Chairman- Audit Committee
	VLS Finance Limited Adani Power Limited		ordanian Addit Sommittee

#### 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, 2014 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 two meetings of the Remuneration Committee were 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 31<sup>st</sup> March, 2014.

Place: New Delhi
Date: August 4, 2014

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 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014, the Company Secretary has certified that as at 31<sup>st</sup> March, 2014, 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: August 04, 2014



### 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 has improved slowly in financial year 2013-14, but it has not recovered to the extent it was anticipated. Several European economies experienced slow down/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 signs of recovery, mainly on account of manufacturing growth and prudent policy initiatives.

Global textile fiber industry is expected to grow to 105 MMT by 2020. Of this, polyester is likely to account for over 68% of global demand. 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, utilization rates are expected to remain under pressure in the medium term.

India continues to be one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a competitive sourcing hub. It is, now, the world's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and 8 per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021, according to a report by Market research Company.

The textiles industry continues to make a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14% to industrial production, 4-5 % to the gross domestic product (GDP), and 27% to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The textiles sector has maintained its position as the second largest provider of employment, the first being the "Agriculture". Thus, the growth and all round development of this industry has a direct bearing on the improvement of the India's economy.

The Indian textiles industry is set for strong growth, buoyed by strong domestic consumption as well as export demand. India's per capita consumption has gradually moved up to 5 kg, however, it is still low as against around 11 kg all over the world. The gap in per capita and a large population base definitely projects a stable growth in demand.

Man Made Fiber industry continues to grow at a rapid pace. India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. From a novelty /specialty fiber, MMF now has become cost effective and is gradually replacing the cotton and other fibers. Amongst the MMF options, the polyester fiber growth is outpacing every other fiber.

MMF production recorded an increase of 10% and filament yarn production grew by 6% in the month of February 2014. MMF production increased by about 4% during the period from April 2013–February 2014.

As far as domestic scenario is concerned, signs for PFY are very encouraging. As per CRISIL Research Report on Man Made Fiber, the Polyester Filament Yarn (PFY) forms around 57% of the total Indian manmade textile production and about 27% of total textile production.

India's all fiber textile mill consumption is likely to grow at a 5.2% CAGR between 2013 and 2020 to 12.3 MMT. The CAGR growth for the demands for PFY and PSF (Polyester Staple Fiber) are expected to be 8.6% and 5.4%, respectively. Polyester is likely to account for a major share of around 60% of the incremental domestic fiber demand between 2013 and 2020. As per Technopak (Market Research Company) 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 which had eroded in last two years mainly due to addition of large capacity of Polyester POY now are on recovery though the market is still sluggish during some months.

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 will result in strong growth in the PFY industry.

#### **OPPORTUINITIES & CHALLANGES**

# **Opportunities**

- (i) Urbanization and increased income are driving the demand in downstream industry
- (ii) Emerging non-apparel applications of fiber
- (iii) Price competitiveness of PFY vis-à-vis cotton yarns
- (iv) Low Per capita consumption of Polyester in India vis-à-vis International standards
- (v) Increasing impact of rural consumers in the domestic consumption /economy which spins off a major opportunity growth in the Polyester industry.
- (vi) Fast changes in fashion design, growing exports of textiles

### **Challenges:**

- A. Unfavorable and Extreme Exchange rate fluctuation
- B. High interest rates
- C. Inconsistent and volatile raw material supply
- D. Inadequate domestic production of raw materials

#### COMPANY OUTLOOK

The Company's plant at Dahej produced around 86000 ton of POY and around 77000 tons of PET chips out of which 19000 tons were for captive consumption. Total production at Dadra unit was 38304 tons as against estimated 39000 tons. Noida unit output was 715 tons.

Dahej plant improved its capacity utilization from 70 % to 75% on YOY basis.

Dadra plant improved its capacity utilization from 68 % to 89% on YOY basis

Gradually truncated operations led to Noida Plant capacity reduce from 83% to 43%

The company has finalized its plans to improve the capacity utilization as well as add greater value to the bottom line. On the drawing boards are the final plans for adding 2 X 100 TPD PSF lines, which will add 72000 TPA capacity. Another line of semi dull FDY of capacity 24000 TPA will be installed. Technology options and selection, investment estimates and financial projections have been completed. These two investments will add value and increase EBITDA to around 6% p.a.

# **RISKS AND CONCERNS**

The Company perceives the following main business risks:

- a) Unfavorable Exchange rate fluctuation
- b) Overcapacity of domestic PFY industry
- c) Volatility in crude oil prices and adverse effect on RM prices
- d) Adhoc fiscal policies leading to International competition
- e) High cost and poor quality of grid power supply
- f) Anti Dumping duty proposed on imported PTA.

### 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 by the Audit Committee and on its recommendation, appropriate actions 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. 176940 lacs as compared to Rs. 123180 lacs in the previous year resulting in an increase of 44%. The Operating profit increased from 4754 to 5446 lakhs, an increase of 14.5%. The finance cost is Rs. 4003 lacs as compared to Rs. 2257 lacs resulting in an increase of 77% over the last year mainly due to higher interest cost upon conversion of Foreign Currency Loans to Rupee Term Loans. The depreciation is Rs. 2593 lacs as compared to Rs. 2111 lacs. Increase in turnover is due to increase in capacity utilization of Dahej Unit. The decrease in Net Profit is due to reduction on profit margins and sluggish demand on account of adverse fluctuations in foreign exchange rates, higher finance cost & depreciation.

#### **HUMAN RESOURCES & INDUSTRIAL RELATIONS**

Human Resources are vital to the success of any Organization. The Company recognizes that the quality of its employees is the key to success. The Company has committed resources to augment necessary human resource development. Systematic training opportunities are organized to equip employees with skill, on the job training and technical training and opportunity for open interactions, communications and feedback.

Consistent and fair policies ensure that industrial relations continue to be peaceful and cordial 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 transparent performance appraisal and incentive schemes has resulted in highly motivated workforce and increased productivity.

The Company provides a fair 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. As a part of rationalization exercise, the company has managed to reduce its workforce to 1338 as compared to 1535 in the previous year.

### ANNEXURE TO DIRECTORS' REPORT

REPORT ON CONSERVATION OF ENERGY, TECNOLOGY 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 followings steps through improved operational & maintenance practices:

- Exhaust VAM chiller modified use additional steam of boiler .
- In HP air; Invertors provided and frequency auto control with pressure.
- Refrigerant Air dryer used to improve dryer efficiency & reduction in loss.
- Timer Installation in Street Light for Switching ON and Off and 40 watt tube lights replaced with 28 watt



- Optimization & improvement of air cooling system to stop chillers & fitment of falce ceiling done.
- Air dryer modified to improve dryer efficiency.
- Latest type vacuum furnace installed in burn out area.
- Closed type heater installed in one D/tex M/cs.
- Energy efficient motors installed on d/tex m/cs.

# 2. Additional Investment and proposal, If any, being implemented for reduction of consumption of energy.

- Modification & improvement of process system on regular basis as per market demand.
- LED Lighting Fixtures to be Installed
- Provided Inverters for Supply Fan of AHU & Air Compressors Motors.

# 3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of product 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 equipment.

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

The details are provided in form 'A' given below,

# **B. TECHNOLOGY ABSORPTION:**

The details are provided in 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 and export plans.

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

b) Foreign Exchange earned : ₹ 5912.27 LacsForeign Exchange Outgo : ₹ 70747.06 Lacs

### D. INFORMATION ON POLLUTION CONTROL MEASURES:

The company is maintaining & monitoring environment & pollution control parameters at its plantson a continuous basis .The company is maintaining proper effluent treatment plant to keep the environment pollution 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 2013-2014 2012-2013

		2013-2014	2012-2013
A)	Power and Fuel Consumption:		
	1. Electricity		
	a) Purchased Units KWH	53571424	47252797
	Total amount (Rs. in Lacs)	2432.58	1981.72
	Rate per unit Rs.	4.54	4.19
	(b) Own generation through DG Sets		
	Units KWH	167217	1197055
	Units per Liter of Diesel oil	2.89	3.12
	Cost per unit Rs.	18.03	14.21
	<ul><li>(c) Own generation through Gas Engine Units KWH</li></ul>	35459440	28015220
	Units per SCM of Gas	3.73	3.83
	Rate per unit Rs.	9.47	7.10
	2. Coal		
	Quantity (MT)	36065.57	29746.11
	Total amount ( Rs. in lacs)	1445.35	1048.47
	Average Rate/Kg (in Rs.)	4.01	3.52
	3. Furnace Oil		
	- Quantity (MT)	-	30.975
	- Total amount ( Rs. in lacs)	-	11.38
	- Average Rate/Litre (in Rs.)	-	36.73
	4. Others	NIL	NIL
B)	Consumption per unit production		
	Electricity (KWH / KG)		
	a) Chips	0.104	0.097
	b) Yarn	0.602	0.819
	Furnace Oil ( KG /KG)	-	0.001
	Yarn		
	Coal ( KG /KG)		
	Chips	0.200	0.252
	Yarn	0.243	0.332

# 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 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	4.	4.	Expenditure	on	research	&	develo	pmei	nt
--	----	----	-------------	----	----------	---	--------	------	----

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

#### TECHNOLOGY ABSORPTION, ADPTATION AND INNOVATION

- 1. Efforts in brief made towards technology absorption, adaptation and innovation
  - Development of new products to cater to the market requirements: FDY 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 improving the processes of production to increase its production 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, 2014, 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 and cash flows 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") read with the general circular 8/2014 dated April,4 2014 issued by the Ministry of Corporate Affairs and in accordance with the accounting principles generally accepted in India. 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.1996.66 lacs for the year ended March 31, 2014 on account of foreign exchange difference to the cost of qualifying assets and charged depreciation of Rs 106.98 lacs for the year ended March 31,2014, consequently loss for the year would have been higher by Rs 1889.68 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, 2014
- b) In the case of the Profit & Loss Account, of the loss 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 sub-section (3C) of section 211 of the Companies Act, 1956, read with the general circular 8/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs.

e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For AMOD AGRAWAL & ASSOCIATES

Firm Registration No.005780N Chartered Accountants

Place : New Delhi
Date : May 30, 2014

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 information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (iii)(d) of the Order are not applicable to the Company and hence not commented upon.
  - b) According to the information & explanations given to us the company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly the provisions of clause4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- 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, hence provisions of this clause, to the extent of sale of services are not applicable to the Company. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- 5. a) According to the information and explanations provided by the management, we are of the opinion that the particulars of the contracts and arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register maintained under section 301 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 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, 2014 for a period of more than six months from the date they became payable.
  - c) According to the records of the company the dues outstanding of excise & customs duties, sales tax, service tax, wealth tax, income tax and cess on account of any dispute, are stated below:

SI.No	Name of the Statute	Nature of Dues	Amt (Rs/lacs)	Period to Which it relates	Forum where Dispute is pending
1	Central Excise Act, 1944.	NCCD on Deemed Exports.	2.76	From July to Nov. 2004	Commissioner of Central Excise (Appeals), Vapi
2	Central Excise Act, 1944.	Estimation of Sales value of Yarn	174.11	FY 2002-03	Supreme Court.
3	Central Excise Act, 1944.	NCCD against CENVAT of basic excise duty	453.12	From March 2006 to February 2008.	The Commissioner, Central Excise & Customs, Vapi
4	Central Excise Act, 1944.	Demand towards adjustments of NCCD against CENVAT credit of Basic Excise Duty.	21.68	February, 2008	The Jt. Commissioner, Central Excise & Customs, Vapi
5	Central Excise Act, 1944.	Credit of Service Tax availed on courier service.	0.21	F.Y's 2005-06 & 2006-07	The Asst. Commissioner of Central Excise, Silvassa.
6	Central Excise Act, 1944.	Credit of Service Tax availed on Courier Services, GPA, Group Mediclaim and Vehicle insurance	1.68	F.Y's 2007-08 to 2011-12	The Deputy Commissioner of Central Excies, Silvassa
7	Central Excise Act, 1944.	Demand for sale of Grey Knitted fabrics from the premises of various job workers.	603.52	FY 2008-09	CESTAT, WZB, Ahmedabad
8	Central Excise Act, 1944.	Cenvat Credit of capital goods	5.19	F.Y's 2007-08 & 2008-09	CESTAT, WZB, Ahmedabad
9	Central Excise Act, 1944.	Excess credit availed on goods supplied to 100% EOUs	33.99	FY 2007-08 & 2008-09	CESTAT, WZB, Ahmedabad
10	Central Excise Act, 1944.	Credit of Capital goods availed on Channels, Angles etc. for the year 2009-10 and 2010-11	4.83	F.Y's 2009-10 & 2010-11	CESTAT, WZB, Ahmedabad
11	Central Excise Act, 1944.	Credit of Service tax availed on the invoices issued in the name of Branch offices for the year 2010-11, 2011-12 & 2012-13	2.77	F.Y's 2010-11 to 2012-13	CESTAT, WZB, Ahmedabad
12	Central Excise Act, 1944.	Demand of Service Tax credit availed on Sales Commission for the years 2009-10 & 2010-11	15.31	F.Y's 2009-10 & 2010-11	The Addl. Commissioner, Central Excise, Customs & Service Tax, Vapi
13	Central Excise Act, 1944.	Demand of Cenvat credit availed on Capital goods i.e. Iron bar, angles, sheets etc. for the period from Dec2012 to Sept. 2013	0.53	From Dec. 2012 to Sept2013	The Superintendent, Central Excise, Customs & Service Tax, Range-IV, DivI, Silvassa
14	Central Excise Act, 1944.	Demand for Cenvat credit of service tax availed on invoices issued in the name of branch office for the period from Nov2012 to March2013	0.36	From Nov2012 to March2013	The Superintendent, Central Excise, Customs & Service Tax, Range-IV, DivI, Silvassa



15	Central Excise Act, 1944.	Demand of excise duty on waste of Narrow Wooven Fabrics cleared for the period from Nov2012 to Sept2013	0.36	From Nov2012 to Sept2013	The Superintendent, Central Excise, Customs & Service Tax, Range-IV, DivI, Silvassa
16	Central Excise Act, 1944.	Demand for Cenvat credit of service tax availed on courier service for the period from Dec2012 to Sept2013	0.10	From Dec2012 to Sept2013	The Superintendent, Central Excise, Customs & Service Tax, Range-IV, DivI, Silvassa
17	Customs Act, 1962.	Differential duty on import of chips	14.54	December, 2007	Asst. Commissioner of Customs, Group II, E&B, JNCH, Navi Mumbai.
18	Customs Act, 1962.	Co-Party made with a customer for discrepancies in compliance of export obligation by customer.	15.00	April, 2007	CESTAT, Western Zone, Ahmedabad.
19	Customs Act, 1962.	Demand on Non Receipt of Warehouse Certificate	4.81	June, 2005	CESTAT, Western Zone, Ahmedabad.
20	Customs Act, 1962.	Fradulent availment of DEPB credit by M/s Shivam Overseas, Ludhiana by resorting to overvaluation of their exported goods	8.64		The Commissioner of Customs (EP), New Custom House, Ballard Estate, Mumbai
21	Income tax Act 1961.	Penalty on Income Tax Demand	33.37	AYs 2001-02 to 2005-06	ITAT, New Delhi
22	Income tax Act 1961.	Income Tax Demand on account of additions	2.20	AY's 2008-09	Commissioner of Income Tax (Appeals)

- 10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year 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 and 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 an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- 18. According to the information and explanation given to us during the year the company has made preferential allotment of shares to the parties covered in the register maintained under section 301 of the Companies Act 1956 at the price which is not prejudicial to the interest of the Company.
- 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

Chartered Accountants

PARTNER Membership No. 84175

AMOD AGRAWAL

Place: New Delhi



## **BALANCE SHEET AS AT MARCH 31, 2014**

(Rs. in Lacs)

Particulars	Notes	As at March 31, 2014	As at March 31, 2013
Equity & Liabilities			
Shareholders' Fund			
Share Capital	3	2,824.00	2,400.00
Reserves & Surplus	4	12,383.03	12,556.39
Money received against share warrants	3(c)	235.00	
Total Shareholders Fund		15,442.03	14,956.39
Non - current liabilities			
Long term borrowings	5	28,320.69	18,380.48
Deffered tax liability (Net)	6	1,226.71	1,601.30
Other Long term liabilities	7	19.51	18.69
Long term provisions	8	270.82	262.93
Total Non Current Liabilities Current liabilities		29,837.73	20,263.40
Short term borrowings	9	13,072.61	17,575.75
Trade Payables	10	14,518.39	14,104.11
Other current liabilities	11	4,795.61	7,449.96
Short term provisions	12	62.65	112.71
Total Current Liabilites	.2	32,449.26	39,242.53
Total		77,729.02	74,462.32
Assets			
Non - current assets			
Fixed Assets			
Tangible assets	13	39,860.96	39,864.48
Intangible assets	13	19.13	25.74
Capital work in progress	13	59.43	384.87
Non-current Investment	14	0.03	0.03
Long term loans and advances	15	414.86	412.42
Other non-current assets	16	313.20	162.47
Total Non Current Assets Current assets		40,667.61	40,850.01
Inventories	17	6,675.99	9,040.58
Trade receivables	18	21,437.10	13,754.17
Cash & bank balances	19	3,216.54	7,038.87
Short term loans & advances	20	2,592.12	2,085.31
Other current assets	21	3,139.66	1,693.38
Total Current Assets		37,061.41	33,612.31
Total		77,729.02	74,462.32
Summary of significant accounting policies	2		<u> </u>

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 30, 2014 RAMAN KUMAR JHA Company Secretary

**R P GUPTA** 

Chief Financial Officer

for and on behalf of the Board of Directors of

**FILATEX INDIA LIMITED** 

**MADHU SUDHAN BHAGERIA** 

Vice Chairman &

Managing Director (DIN: 00021934)

**PURRSHOTTAM BHAGGERIA** 

Joint Managing Director (DIN: 00017938)

S C PARIJA, Director (DIN: 00363608) **S P SETIA**, Director (DIN: 00255049)

B B TANDON, Director (DIN: 00740511)

Ashok Chauhan, Director (DIN: 00253049)

## FILATEX INDIA LIMITED



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Rs. in Lacs)

Particulars	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from operations (gross)	22	195,807.28	137,889.91
Less : Excise duty		18,867.62	14,709.95
Revenue from operations (net)		176,939.66	123,179.96
Other Income	23	1,225.31	258.06
Total revenue (I)		178,164.97	123,438.02
Expenses			
Cost of material consumed	24	134,756.71	103,954.47
Purchases of traded goods	24	21,041.94	6,627.49
(Increase)/decrease in Inventories of finished			
goods, work in progress & stock in trade	25	1,589.38	(1,965.86)
Employee benefits expense	26	3,174.51	2,643.60
Finance cost	27	4,003.02	2,256.81
Depreciation & amortization expense	13	2,593.04	2,111.09
Other Expenses	28	12,156.01	7,423.47
Total expenses (II)		179,314.61	123,051.07
Profit/(loss) before tax		(1,149.64)	386.95
Tax expense:			
Current tax (MAT)		-	79.65
MAT credit entitlement		-	(79.65)
Taxation for earliear years		34.31	24.97
Deferred tax		(374.58)	126.41
Total tax expense		(340.27)	151.38
Net profit/(loss) after tax		(809.37)	235.57
Earnings Per Share (EPS) in Rupees (Not Annu	ualised)		
- Basic	29	(3.30)	0.98
- Diluted	29	(3.30)	0.98

Summary of significant accounting policies

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 30, 2014 RAMAN KUMAR JHA Company Secretary

R P GUPTA

Chief Financial Officer

for and on behalf of the Board of Directors of

**FILATEX INDIA LIMITED** 

MADHU SUDHAN BHAGERIA

Vice Chairman &

Managing Director (DIN: 00021934)

**PURRSHOTTAM BHAGGERIA** 

Joint Managing Director (DIN: 00017938) S C PARIJA, Director (DIN: 00363608) S P SETIA, Director (DIN: 00255049) B B TANDON, Director (DIN: 00740511)

Ashok Chauhan, Director (DIN: 00253049)





# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flow from operating activities		
Net profit / (loss) before tax	(1,149.64)	386.95
Adjustment for:		
Depreciation/amortization	2,593.04	2,111.09
Loss/(profit) on fixed assets sold/discarded (net)	(361.44)	(9.49)
Interest expense	2,278.05	1,702.34
Unrealised foreign exchange Loss/ (profit) (net)	(363.00)	38.71
Interest income	(829.40)	(237.34)
Dividend income	(34.47)	(11.23)
Operating profit before working capital changes	2,133.14	3,981.03
Movements in working capital :		
Decrease/ (increase) in trade receivables	(7,700.34)	(11,085.80)
Decrease/ (increase) loans and advances/other current assets	(1,166.65)	(2,681.76)
Decrease/ (increase) in inventories	2,364.59	(4,130.85)
Increase / (decrease) in trade & other payable / provisions	926.84	13,911.79
Cash generated from operations	(3,442.42)	(5.59)
Direct taxes paid	(147.01)	(25.01)
Net cash flow from operating activities (a)	(3,589.43)	(30.60)
Cash flows from investing activities		
Purchase of fixed assets	(4,118.78)	(6,523.30)
Sale of fixed assets	1,332.38	322.92
Advance received against sale of assets	860.48	-
Sale of non-current investments	0.00	0.74
Increase in deposits	(1,485.02)	(1,249.29)
Interest received	829.40	237.34
Dividends received	34.47	11.23
Net cash flow from/(used in) investing activities (b)	(2,547.07)	(7,200.36)



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Rs. in Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flows from financing activities		
Proceeds from issuance of share capital and convertiable warran	ts 1,295.00	-
Proceeds from long-term borrowings from banks	13,041.17	2,373.31
Proceeds from long-term borrowings from others	4,725.00	1,700.00
Proceeds from short-term borrowings	-	13,268.55
Repayment of short-term borrowings	(4,503.14)	-
Repayment of long term borrowings	(3,046.18)	(3,044.19)
Repayment of long term borrowings (Buyers Credit)	(8,404.65)	-
Interest paid	(2,278.05)	(1,702.34)
Dividend paid	-	(120.00)
Tax on equity dividend paid		(19.47)
Net cash flow from/(used in) in financing activities (c)	829.15	12,455.86
Net increase/(decrease) in cash and cash equivalents (a + b	<b>+ c)</b> (5,307.35)	5,224.89
Cash and cash equivalents at the beginning of the year	5,559.16	334.27
Cash and cash equivalents at the end of the year	251.81	5,559.16
Components of cash and cash equivalents		
Cash on hand	21.95	15.01
Balance with scheduled Banks :	224.65	850.98
- on deposit account	2,964.73	5,535.30
- unpaid dividend accounts*	5.21	5.40
- Cheques, draft on hand	-	632.18
Cash and Bank Balances	3,216.54	7,038.87
Less : Fixed deposits not considered as cash and cash equiv	valents	
- Deposit pledge with banks	2,964.73	1,479.71
	251.81	5,559.16

<sup>\*</sup> These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

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 30, 2014 for and on behalf of the Board of Directors of

**FILATEX INDIA LIMITED** 

MADHU SUDHAN BHAGERIA

Vice Chairman &

Managing Director (DIN: 00021934)

**PURRSHOTTAM BHAGGERIA** 

Joint Managing Director (DIN: 00017938) **S C PARIJA**, Director (DIN: 00363608)

**S P SETIA**, Director (DIN: 00255049) **B B TANDON**, Director (DIN: 00740511)

Ashok Chauhan, Director (DIN: 00253049)

RAMAN KUMAR JHA

Chief Financial Officer

Company Secretary

**R P GUPTA** 



#### NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

#### 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 read with General Circular no. 8/2014 dated April 4, 2014 issued by Ministry of Corporate Affairs. 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 for its book value only if it increases the future benefits from the existing asset beyond it 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 i.e Spinneret)	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.
- vii) Lease hold Land is amortized on straight line basis over the period of lease.



#### 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) Intangibles

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 that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

#### 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 Moving Weighted Average Method.

#### 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.

#### I) 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 or 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 and adjusted for the effects of all dilutive potential Equity Shares.



3. SHARE CAPITAL (Rs. in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised		
4,00,00,000 (Previous year 4,00,00,000) Equity Shares of Rs 10/- eac	ch 4,000.00	4,000.00
Total	4,000.00	4,000.00
Issued, subscribed and fully paid-up shares		
2,82,40,000 (previous year 2,40,00,000) Equity Shares of Rs.10/-each fully paid	2,824.00	2,400.00
Total	2,824.00	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, 2014		March 31, 2013	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	24000000	2,400	24000000	2,400
Add : Shares issued during the year	42,40,000	424	-	-
Outstanding at the end of the period	28240000	2,824	24000000	2,400

#### b. Terms / rights attached to equity shares

d.

- 1. 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.
- 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. Issue of convertiable warrants and conversion into equity shares

- 1. During the year the company had alloted 8,000,000 convertiable warrants on preferential basis to the promoters/ others to be converted at the option of warrant holders in one or more tranches, within 18 months from the date of allotment (September 20,2013) of warrants into equivalent number of fully paid equity shares of the company of the face value of Rs. 10/- each at an exercise processor of Rs. 25/- per share (including premium of Rs. 15/- per share).
- 2. The company received Rs. 500/- lacs as application money being 25% of the issue price from 8,000,000 warrant holders. it has further received Rs. 795/- Lacs towards balance amount of 75% of the issue price from the holders of 4,240,000 warrants for which the warrant holders exercised the option to convert them into equity shares. The company issued 4,240,000 equity shares of Rs. 10/- each at a premium of Rs. 15 per share on preferential basis upon conversion on February 12, 2014. (Previous Year NIL)
- 3. If the warrant holders fails to exercise the option as metioned in (1) 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

The proceeds of the same have been utilised for the intended purpose of meeting part project cost including over run.

Details of shareholders holding more than 5% shares	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Madhu Sudhan Bhageria 2,462,500 (previous year 1,252,500) equity shares of Rs.10/- each fully paid	8.72%	5.22%
Azimuth Investments Ltd. 3,125,000 (previous year 3,125,000) equity shares of Rs.10/- each fully paid	11.07%	13.02%
Nouvelle Securities (P) Ltd. 1,989,016 (previous year 1,989,016) equity shares of Rs.10/- each fully paid	7.04%	8.29%
Purrshottam Bhaggeria 2,080,000 (Previous Year 865,000) equity shares of Rs. 10/- each fully paid	7.37%	-
Madhav Bhaggeria 1,925,100 (Previous Year 710,100) equity shares of Rs. 10/- each fully paid	6.82%	-



## 4. Reserve & Surplus

(Rs. in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
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 Add: Premium on securities issued during the year Closing Balance	4,509.30 636.00 5,145.30	4,509.30 - 4,509.30
General Reserve Surplus/(deficit) in the statement of profit & loss Balance as per last financial statement Profit/ (Loss) for the year	5,119.72 (809.37)	424.26 4,744.68 235.57
Less: Appropriations Proposed dividend on equity shares written back * Tax on proposed equity dividend written back * Total appropriations Net surplus in the statement of profit and loss Total reserves and surplus	4,310.35 12,383.03	(120.00) (19.47) (139.47) 5,119.72 12,556.39

<sup>\*</sup> During the previous year dividend was 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)

	Mar	As at rch 31, 2014	Maı	As at rch 31, 2013
From Banks (secured)				
(i) Term Loans				
- Rupee loans	15,764.08		3,809.73	
- Foreign currency loans	-		1,812.99	
(ii) Vehicle Loans	80.42		98.90	
Total	15,844.50		5,721.62	
Less : Current maturity (refer note no. 11)	616.94		4,260.91	
Net Long Term Borrowings (Banks)		15,227.56		1,460.71
(iii) Buyers credit for capital goods		6,300.58		14,705.23
(iv) From a non banking financial institution (sec	ured)			
- Term Loan	214.54		342.43	
Less : Current maturity (refer note no. 11)	146.99		127.89	
Net Long Term Borrowings (Secured)		67.55		214.54
(v) From body corporates (unsecured)		6,725.00		2,000.00
Net Long Term Borrowings (Total)		28,320.69		18,380.48

#### I. Term loans

From banks under consortium arrangement Rs.14184.80 lacs (previous Year Rs. 3,809.73 lacs), are secured by first equitable 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, plant & machinery acquired through specific loans). These loans are further secured by second charge by way of hypothecation of inventory of raw material, finished goods, semi-finished goods, stores & spares, book debts and other receivables (both present and future), pledge of 30 lacs equity shares of the face value of Rs.10/- each of the company held by the promoter directors and mortgage of an immovable property owned by SMC Yarns Pvt Ltd (related party), personal guarantees of the promoter directors alongwith corporate guarantee of SMC Yarns Pvt Ltd (related party). These loans bear floating interest rate ranging from Base Rate plus 2.00% - 4.25% p.a. and are repayable in quarterly installments upto March, 2022.



- b) From State Bank of India Rs.1579.28 lacs (Previous year Rs.1,812.99 lacs) is collaterally secured by mortgage created by way of deposit of title deeds in respect of the immoveable 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 by the promoters directors and are further secured by personal guarantee of Promoter Directors and the property owners. The loan bears floating interest at base rate plus 6.85% p.a. and is repayable in 8 structured quarterly installments starting from December, 2014 upto September, 2016.
- 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 10.86% repayables in 36 60 monthly instalments.

#### III. Buyers' Credit for capital goods

- a) Buyers' credit amounting to Rs. 6300.58 lacs (Previous Year Rs.14,705.23 lacs) secured by 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, plant & machinery acquired through specific loans). These loans are further securied by second charge by way of hypothecation of inventory of raw material, finished goods, semi-finished goods, stores & spares, book debts and other receivables (both present and future), pledge of 30 Lac equity shares of the face value of Rs.10/- each of the company held by the promoter directors, mortgage of an immovable property owned by SMC Yarns Pvt Ltd (related party). and personal guarantees of the promoter directors alongwith corporate guarantee of SMC Yarns Pvt Ltd (related party). The loan bears floating interest @ US Libor / Euribor plus 0.40% 0.57% 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 March, 2022.
- IV. From a non banking financial institution of Rs. 214.54 lacs (previous year Rs. 342.43 lacs) and is secured by way of first and exclusive charge over specific plant & machinery acquired from the loan and personel guarantees of two promotor directors. The loan carries interest rate of 14% p.a. and repayble in 36 monthly installments from October, 2012.
- V. Unsecured Loans From body corporates carry interest @ 9% p.a. and are payable after three years from the date of receipt.

#### 6. Deffered tax liability

7.

,		(Rs. in Lacs)
	As at	As at
	March 31, 2014	March 31, 2013
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation		
and depreciation/amortization charged for the financial reporting	3,870.63	3,364.90
Gross deferred tax liability	3,870.63	3,364.90
Deferred tax assets		
Effect of expenditure debited to profit & loss statement but allowed	ed	
for tax purposes in the following years	145.55	133.91
Effect of carried forward losses	2,498.37	1,629.69
Gross deferred tax asset	2,643.92	1,763.60
Net deferred tax liability / (assets)	1,226.71	1,601.30
Net deferred tax liability / (assets) for the year	(374.58)	126.41
Other long term liabilities		
•		(Rs. in Lacs)
	As at	As at
	March 31, 2014	March 31, 2013
Deposits against vehicles	19.51	18.69
Total Other Long Term Liability	19.51	18.69



#### 8. Long term provisions

		(Rs. in Lacs)
	As at March 31, 2014	As at March 31, 2013
Provision for Gratuity	162.01	151.40
Provision for Leave Encashment	108.81	111.53
Total long term provisions	270.82	262.93

#### 9. Short term borrowings

		(Rs. in Lacs)
	As at	As at
	March 31, 2014	March 31, 2013
From Banks (Secured)		
(i) Working Capital :		
- Rupee loans	3,613.95	-
(ii) Buyer's credit for raw material	9,330.18	17,575.75
(iii) Bills discounting	128.48	-
Total short term borrowings	13,072.61	17,575.75

#### I. Working Capital:

- a) Working capital loans from consortium member banks are secured by first charge by way of hypothecation of inventory of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) and are futher 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 30 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 SMC Yarns Pvt Ltd (related party) and personal guarantees of promoter directors alongwith corporate guarantee of SMC Yarns Pvt Ltd (related party) on pari passu basis.
- b) The working capital loans from banks are repayable on demand and carry interest at Base Rate plus 2.00% to 3.75% p.a.
- II. Buyers' Credit for raw material are secured by 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 inventory 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 specific plant & machinery acquired out of specfic loans(s). These are further secured by pledge of 30 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 SMC Yarns Pvt Ltd (related party) and personal guarantees of promoter directors alongwith corporate guarantee of SMC Yarns Pvt Ltd (related party) on pari passu basis. The loan bears floating interest @ US Libor / Euribor plus 0.43% 0.47% p.a.

#### 10. Trade payable

	As at March 31, 2014	As at March 31, 2013
Trade payables		
Dues of other than micro,small & medium enterprises		
- Acceptances	13,398.49	11,267.62
- Others	1,061.34	2,810.93
Dues of micro,small & medium enterprises	58.56	25.56
Total trade payables	14,518.39	14,104.11



### 11. Other current liabilities

		(Rs. in Lacs)
N	As at March 31, 2014	As at March 31, 2013
Current maturity of long term borrowings		
From Banks (secured)		
(i) Term Loans		
- Rupee loans	561.50	2,809.92
- Foreign currency loans	-	1,400.00
(ii) Vehicle Loans	55.44	50.99
From a Non Banking Financial Institution (secured)		
- Rupee loans	146.99	127.89
Interest accured but not due on borrowings	180.40	92.50
Dealer's deposits	105.96	105.19
Advance received from customers	323.14	249.07
Advance received against sale of asset	860.48	-
Unpaid dividend		
(To be transferred to Invester Education & Protection Fund as and when due)	5.21	5.40
Dues to statutory authorities	266.35	233.88
Retention money for Capital goods	-	462.15
Expense payable	955.23	575.31
Payable others than trade	1,334.91	1,337.66
Total other current liabilities	4,795.61	7,449.96

#### 12. Short term provisions

(Rs. in Lacs)

	(N3. III Euc3)		
	As at	As at	
	March 31, 2014	March 31, 2013	
Provision for Gratuity	32.82	23.03	
Provision for Leave Encashment	28.56	24.97	
Provision for wealth tax	1.27	1.46	
Provision for income tax under MAT (net of advance tax)	<del>_</del>	63.25	
Total short term provisions	62.65	112.71	

#### 13. Fixed assets (Rs. in Lacs)

Discription	Gross Block			Gross Block Accumulated depreciation / Amorisation Net Blo			Accumulated depreciation / Amorisation			Block
	April 1, 2013	Additions	Deduction/ Adjust- ments	March 31 2014	April 1, 2013	Current Year	Deduction/ Adjust- ments	March 31, 2014	March 31, 2014	March 31, 2013
Tangible Assets										
Land (Free Hold)	731.52	-	-	731.52	_	_	-	-	731.52	731.52
Land (Lease Hold)	1,677.78	101.85	-	1,779.63	5.86	48.76	-	54.62	1,725.01	1,671.93
Building Factory	6,799.90	165.49	-	6,965.39	601.22	239.76	-	840.98	6,124.41	6,198.67
Building Non Factory	814.78	765.17	18.96	1,560.99	149.55	19.29	-	168.84	1,392.15	665.23
Plant & Machinery ** #	40,829.11	3,313.65	2,277.04	41,865.72	10,777.82	2,207.22	480.80	12,504.24	29,361.48	30,051.29
Furniture & Fittings	183.64	20.07	0.42	203.29	102.51	13.77	0.01	116.27	87.02	81.13
Vehicles *	476.15	50.85	87.39	439.61	167.78	36.91	44.04	160.65	278.96	308.37
Office Equipments	175.88	16.72	10.48	182.12	61.99	7.75	8.13	61.61	120.51	113.89
Computer	106.30	10.42	-	116.72	63.85	12.97	-	76.82	39.90	42.45
Total	51,795.06	4,444.22	2,394.29	53,844.99	11,930.58	2,586.43	532.98	13,984.03	39,860.96	39,864.48
Intangible assets :										
Softwares	56.32	-	-	56.32	30.58	6.61	-	37.18	19.13	25.74
Total	51,851.38	4,444.22	2,394.29	53,901.31	11,961.16	2,593.04	532.98	14,021.21	39,880.09	39,890.22
Capital work in Progress (Building and										
Plant & Machinery)	384.87	59.43	384.87	59.43	-	-	-	-	59.43	384.87
Grand total	52,236.25	4,503.65	2,779.16	53,960.74	11,961.16	2,593.04	532.98	14,021.21	39,939.52	40,275.09
Previous year	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

Includes vehicles taken on hire purchase amounting to Rs. 196.60 lacs (previous year Rs.213.99 lacs) and plant & machinery taken on hire purchase amounting to Rs. 102.73 lacs (previous year Rs.102.73 lacs)
Plant & Machinery i) Includes cost of Rs.342.93 lacs (previous year Rs.342.93 lacs) of water supply connection from GIDC and Rs. 101.00 lacs (Previous Year Rs. Nil) being cost of electricity transmission lines not owned by the company.

Amount of borrowing cost aggregating Rs. Nil (previous year 1,121.16 lacs) have been capitalised to:
Building Rs. Nil (previous Year Rs. 125.06 lacs) Plant & Machinery Rs. Nil (previous year Rs. 996.10 lacs)
Sale/deletion of plant & machinery of Dadra unit include Rs. 360.70 lacs (previous year Rs. 298.85 lacs) net of accumulated depreciation, damaged under fire and Rs. 916.31 lacs (previous year Nil) net of accumulated depreciation for Gas based Gensets being assets held for sale. It also includes liability written back against plant & machinery at Dahej unit for Rs. 462.15 lacs (previous year Rs. Nil).

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

ii)

<sup>(</sup>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 (plant & machinery). Accordingly, the company has added Rs.1996.66 lacs for the year ended March 31, 2014 (previous year Rs. 852.02 lacs) on account of foreign exchange difference to the cost of qualifying assets (plant & machinery).



# 14. Non-current investments

		(Rs. in Lacs)
	As at	As at
	March 31, 2014	March 31, 2013
Quoted, Non Trade		
nvestment in equity instruments		
4,600 (Previous year - 4,600) equity shares of '10/- each fully		
paid-up in BSI Industries Ltd.	4.90	4.90
5,000 (Previous year - 5,000) equity shares of '10/- each fully		
paid-up in Cavalet India Ltd.	1.79	1.79
4,500 (Previous year - 4,500) equity shares of '10/- each fully		
paid-up in Montana International Ltd.	1.17	1.17
5 (Previous year - 5) equity shares of '10/- each fully paid-up		
n Tata Coffee Ltd.	0.03	0.03
Less: Aggregate provision for diminution in the value of quoted		
nvestments	(7.86)	(7.86)
Aggregate amount of quoted investments		
[Market Value Rs. 0.05 Lacs (Previous Year Rs. 0.07 Lacs)]	0.03	0.03

(Rs. in Lacs)

•		
As at March 31, 2014	As at March 31, 2013	
175.81	210.35	
26.55	24.95	
132.11	79.30	
4.30	18.17	
76.09	79.65	
414.86	412.42	
	March 31, 2014  175.81 26.55 132.11 4.30 76.09	

# 16. Other non - current assets

•		
As at March 31, 2014	As at March 31, 2013	
102.72	110.66	
20.75	42.33	
0.38	0.15	
66.02	-	
123.33	9.33	
313.20	162.47	
	March 31, 2014 102.72 20.75 0.38 66.02 123.33	



## 17. Inventories (at lower of cost or net reliasable value)

(Rs. in Lacs)

	()
As at March 31, 2014	As at March 31, 2013
3,120.02	3,882.29
438.28	543.73
2,350.18	3,911.69
77.59	-
689.92	702.87
6,675.99	9,040.58
-	March 31, 2014 3,120.02 438.28 2,350.18 77.59 689.92

#### 18. Trade receivables

(Rs. in Lacs)

As at March 31, 2014	As at March 31, 2013
813.54	509.67
20,623.56	13,244.50
21,437.10	13,754.17
	March 31, 2014 813.54 20,623.56

## 19. Cash and Bank balances

	As at	As at
	March 31, 2014	March 31, 2013
Cash and cash equivalents		
Cash on hand	21.95	15.01
Balances with Banks	224.65	850.98
Unpaid dividend a/c *	5.21	5.40
Cheques, draft on hand	-	632.18
Deposits with original maturity of less than 3 months	-	4,055.59
Total (A)	251.81	5,559.16
Other Bank balances :-		
Short Term Deposits with original maturity of less than 3 months *	* 165.24	-
Deposits with original maturity for more than 3 months but upto 12 months **	2,230.04	1,473.97
Deposits with original maturity of more than 12 months **	590.20	48.07
Total (B)	2,985.48	1,522.04
Less : Amount disclosed under non current assets	20.75	42.33
Total cash & cash equivalents (A + B)	3,216.54	7,038.87

<sup>\*</sup> These balance are not available for the use by the Company as they represent corresponding unpaid dividend liabilities.

<sup>\*\*</sup> Deposits are in the nature of Margin Money pledged with bank against Bank Guarantee given/Letter of Credit established by the bank



#### 20. Short term loans & advances (Rs. in Lacs) As at As at March 31, 2014 March 31, 2013 Unsecured, considered good Advances recoverable in cash or in kind or for value to be received Advance to suppliers 743.46 538.13 Balance with Excise Department 1,643.67 1,334.15 Vat Recoverable 0.17 1.79 DEPB in hand 35.58 Prepaid expenses 118.55 144.42 Advances to employees 32.02 45.62 Other advances 5.07 34.80 Total short term loans & advances 2,592.12 2,085.31

#### 21. Other current assets

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
Export incentive receivable	227.53	133.96
Insurance claims receivable	1,884.36	1,390.95
Interest Receivable	91.64	70.94
Asset held for Sale	890.36	-
Unamortised premium on forward contracts	45.77	97.53
Total other current assets	3,139.66	1,693.38

# 22. Revenue from operations

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of products	173,327.44	130,032.80
Sale of traded goods	21,151.43	6,918.78
Jobwork	750.01	238.95
Other operating revenue	578.40	699.38
Revenue from operations (gross)	1,95,807.28	137,889.91
Less : Excise Duty	18,867.62	14,709.95
Revenue from operations (net)	176,939.66	123,179.96

#### Other operating revenue comprising the following:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Other operating revenue		
Sales of scrap	296.19	135.30
Export incentives earned	157.17	152.53
Insurance claim under loss of profit policy	125.04	411.55
Total Other Operating Income	578.40	699.38



# 22. Revenue from operations (Contd.)

Sale of products (Rs. in Lacs)

	For the year ended March 31, 2014		For the year ended March 31		For the year end	ed March 31, 2013
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)		
Polyester & polypropylene multifilament yarn	e 122,176	135,551.14	72,171	77,883.21		
Polyester chips	33,341	32,598.87	50,123	47,697.82		
Narrow fabrics	1,897	2,696.88	1,208	1,562.79		
Polyester, nylon & polypropylene monofilament yarn	732	1,863.42	1,161	2,488.27		
Waste		617.13	-	400.71		
Total		173,327.44		130,032.80		
Sale of traded goods						
Purified terephthalic acid	* 23,276	14,615.39	6,778	4,475.81		
Mono ethylene glycol *	10,550	6,470.17	3,703	2,442.97		
Polyester Textured Yarn	50	65.87	-	-		
Total		21,151.43		6,918.78		

<sup>\*</sup> Sale of traded goods include material sold on high seas basis to the customers who are getting the same converted into polyster chips on job work basis.

#### 23. Other income

(Rs. in Lacs)

		(113: III Ed03)
	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
Interest Income on		
(i) Fixed deposits	244.69	99.76
(ii) Others	584.71	137.58
Dividend on current investment in mutual funds	34.47	11.23
Profit on sale/discarding of fixed assets (Net)	361.44	9.49
Total	1,225.31	258.06

## 24. Cost of materials consumed

		(110: 111 2400)
	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw material		
Inventory at the beginning of the year	3,002.24	1,443.94
Add : Purchases	130,863.69	103,091.26
Total	133,865.93	104,535.20
Less: Inventory at the end of the year	2,042.03	3,002.24
Raw material consumed	131,823.90	101,532.96
Consumables	231.57	393.99
Packing Material	2,701.24	2,027.52
Cost of materials consumed	134,756.71	103,954.47



# **Purchase of Traded goods**

(Rs. in Lacs)

	For the year ended March 31,2014		For the year end	led March 31,2013
	Qty (MT)	Value (Rs/lacs)	Qty (MT)	Value (Rs/lacs)
Purified terephthalic acid	23,276	14,489.52	6,778	4,280.40
Mono ethylene glycol	10,550	6,419.52	3,703	2,347.09
Polyester Textured Yarn	124	132.90	-	-
Total purchase of Trade	d goods	21,041.94		6,627.49

# **Details of raw material consumed**

	For the year ended March 31, 2014		For the year ended March 31, 20	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Purified terephthalic acid	119,789	82,390.94	87,068	56,813.30
Mono ethylene glycol	46,183	29,391.74	34,074	20,447.73
Polyester chips	9,482	8,849.09	18,220	14,711.69
Polypropylene chips	6,127	6,275.15	6,765	5,844.82
Nylon chips	364	758.01	408	808.54
Others	-	4,158.97	-	2,906.88
Total Raw Material Consumed		131,823.90		101,532.96

# Inventory of raw materials

	As at March 31, 2014		As at March 31, 2013	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Purified terephthalic acid	737	480.00	1,988	1,351.24
Mono ethylene glycol	722	475.01	696	452.65
Polypropylene chips	323	342.22	163	149.18
Polyester chips	232	175.64	599	514.35
Nylon chips	23	44.98	48	94.62
Others Raw Material	-	524.18	-	440.20
Total		2,042.03		3,002.24
Goods in Transit	-	682.48	-	418.14
Packing Material	-	395.51	-	461.91
Total Inventory of Raw Material		3,120.02		3,882.29

# 25. Increase/(decrease) in inventories

		(110: 111 = 400)
	For the year ended March 31, 2014	For the year ended March 31, 2013
Closing stock		
- Finished goods	2,350.17	3,911.69
- Work- In- Progress	438.28	543.73
- Stock in Trade	77.59	-
Total	2,866.04	4,455.42
Opening stock		
- Finished goods	3,911.69	2,240.88
- Work- In- Progress	543.73	248.68
- Stock in Trade	-	-
Total	4,455.42	2,489.56
- Total (increase)/decrease	1,589.38	(1,965.86)



Inventory		

	As at M	As at March 31, 2014		ch 31, 2013
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester, nylon & polypropylene				
Multifilament yarn	1,809	1,972.51	2,467	2,647.74
Monofilament yarn	111	210.48	98	154.31
Narrow fabrics	71	86.07	67	79.36
Polyester chips	55	51.67	1,059	1,013.42
Waste		29.44	-	16.86
Total Inventory of Fin	ished Goods	2,350.17		3,911.69

# Inventory of work in progress

	As at M	As at March 31, 2014		rch 31, 2013
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester, nylon & polypropylene				
Multifilament yarn	209	201.47	254	241.60
Narrow fabrics	133	150.98	168	219.78
Monofilament yarn	31	65.81	45	82.35
Polyester chips	24	20.02	-	-
Total Inventory of Wo	rk in Progress	438.28		543.73

# Inventory of Stock-in-Trade

	As at M	As at March 31, 2014		rch 31, 2013
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester Textured				
Yarn (GIT 24 MT,				
previous year Nil)	74	77.59	-	-
Total Inventory of Stock-in-Trade		77.59		-

# 26. Employee benefit expense

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, wages and bonus	2,981.69	2,447.33
Contribution to provident & other funds	93.84	78.29
Gratuity	24.55	46.41
Staff welfare expenses	74.43	71.57
Total	3,174.51	2,643.60

# 27. Finance Cost

	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest		
- on term loans	1,195.00	862.50
- on working capital & others	1,083.05	839.84
Bank Charges	703.40	412.99
Exchange difference to the extent considered as an adjustment	nt	
to borrowing costs	380.21	-
Premium on forward contracts	641.36	141.48
Total Finance Cost	4,003.02	2,256.81



# 28. Other expenditure

(Rs. in Lacs)

		(RS. III Lacs)
	For the year ended March 31, 2014	For the year ended March 31, 2013
Manufacturing Expenses		
Consumption of stores and spares	703.57	581.62
Power & Fuel	7,402.44	5,097.09
Increase/(decrease) in excise duty on finished goods inventory	(171.25)	192.43
Total manufacturing Expenses ( A )	7,934.76	5,871.14
Selling Expenses		
Market Development Expenses	96.45	32.51
Freight outward	732.18	265.10
Commission on sales	434.03	264.34
Total selling expenses ( B )	1,262.66	561.95
Administration and other expenses		
Rent	124.40	122.91
Repair & Maintenance - Machinery	148.13	130.79
- Building	65.87	75.34
- Others	76.19	97.74
Insurance	151.67	88.65
Rates & taxes excluding taxes on income	32.79	26.23
Auditor's remuneration	8.43	6.08
Exchange fluctuation (Loss)	1,633.41	(58.33)
Electricity expenses	31.29	`31.80
Printing & stationery	25.34	25.45
Postage, telephone & telegram	44.31	37.80
Travelling & conveyance	215.53	177.91
Vehicle running & maintenance	111.68	76.38
Legal & professional charges	130.33	71.72
Director's sitting fees	3.90	2.60
Security services	16.75	15.24
General expenses	31.88	25.94
Donation & charity (Other than Political Parties)	0.89	2.17
Advertisement & publicity	4.95	5.91
Membership & subscription	6.15	6.78
Loss / (profit) on forward exchange contracts	117.63	16.01
Sundry balances written off/ Bad Debts	(22.93)	5.26
Total administrative & other expenses ( C )	2,958.59	990.38
Total other expenses (A + B + C)	12,156.01	7,423.47

# 29. Earning per share (EPS)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Net profit/(loss) for calculation of basic/diluted EPS (Rs. in Lacs) Weighted average number of equity shares for calculating basic & diluted EPS	(809.37)	235.57
- Basic	24,557,589	24,000,000
- Diluted	24,557,589	24,000,000
Basic - in Rs. per share of the face value of Rs. 10/- each	(3.30)	0.98
Diluted - in Rs. per share of the face value of Rs. 10/- each	(3.30)	0.98



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

i) Contingent Liabilities

(Rs. In lacs)

PA	RTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
a)	Letters of Credits	2,779.95	2,853.80
b)	Unexpired Bank Guarantees	645.40	999.74
c)	Excise / Custom duty	1,404.67	1,469.87
	(Mainly relating to reversal of cenvat credit of		
	NCCD & valuation of texturised yarns)		
d)	Sales Tax demand	0.80	0.80
e)	Income Tax demand on account of:		
	- 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	251.95	55.87
g)	Amount of duty saved on import of plant & machinery under EPCG scheme - corresponding export obligation pending Rs. 13,497.21 lacs, previous year Rs. 20,168.00 lacs	1,666.58	2869.83

#### ii) Commitments

Capital contracts remaining to be executed (net of payments) and not provided for Rs. 264.40 lacs (previous year Rs. 427.28 lacs).

31. During the previous financial Year a fire broke at company's POY manufacturing unit at Dadra which affected functioning of some of the POY lines. Some lines which suffered partial damages were repaired and put to use again by March 2013. In respect of the lines which had major damages, in view of the substantial amount of expenditure required to be incurred to restore such machines, it is thought prudent to take the insurance claim on depreciated value without reinstating such assets. The company has accounted for claim amount of Rs. 1830.46 lacs (which includes interim claim of Rs. 500.00 Lacs, already received by the company and is net off Rs. 146.82 lacs by disposal of the salvage).

The company has also accounted for the claim recoverable under loss of profit policy amounting to Rs. 536.59 Lacs (Rs. 411.55 Lacs upto 31<sup>st</sup> Mar, 2013), computed on the basis of the best estimate of the management and the same has been shown under other operating revenue.

## 32. Statutory Auditor's Remuneration

Pai	rticular	For the year ended March 31, 2014	For the year ended March 31, 2013
a)	Audit fees	6.50	5.00
b)	Tax audit fees Out of pocket expenses	1.50	1.00 0.08
'		8.43	6.08



33. Details of dues to Micro Small & Medium Enterprises Development (MSMED) Act, 2006

Des	scription	For the year ended March 31, 2014	For the year ended March 31, 2013
i)	The principal amount & the interest due thereon remaining unpaid at the end of the year		
	Principal Amount	58.56	25.56
	Interest Due thereon	-	-
ii)	Payments made to suppliers beyond the appointed day during the year		
	Principal Amount	-	-
	Interest Due thereon	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	_
iv)	The amount of interest accrued and remaining unpaid at the end of the year; and	-	-
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprises as per MSMED Act, 2006 on the basis of information available with the company.

- **34.** Segment reporting as defined in Accounting Standard 17 is not applicable as the Company is primarily engaged in manufacture of Synthetic Yarn & Textiles.
- 35. Forward Exchange Contracts and Unhedged Foreign Currency Exposure:
  - i) Forward contract outstanding as at Balance Sheet date.

Particulars of	Currency	For the year ended		Purpose
Derivatives		March 31, 2014	March 31, 2013	
Purchase	USD	-	2,999,000	Repayment of FC Loan
Purchase	USD	15,524,472	14,723,633	Repayment of FCL (Buyer's Credits)
Purchase	USD	1,518,000		Payment of LC Creditors
Purchase	USD	15,223	118,129	Payment for Interest on FCL (Buyer's Credit)

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

Particulars	Currency	For the year ended		Purpose
		March 31, 2014	March 31, 2013	
Purchase	USD	20,776,990	20,824,420	Payment of Creditors
Purchase	USD	8,977,733	41,447,151	Payment of FCL (Buyers Credit )
	EURO	1,133,130	2,878,407	
Purchase	USD		370,000	Repayment of FC Loans
Sale	USD	1,505,705	720,691	Proceeds from Debtors

iii) Premium for forward contracts for unexpired period of Rs.45.77 lacs has been carried over to next year (Previous year Rs. 97.53 lacs) and will be charged to Profit & Loss Account as and when the underlying transaction will crystallise.



#### 36. 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 ended 31st March, 2013, the company sold its shares in the said company and consequently it is no more a subsidiary company.

### 37. 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
    - iv) Shri Ashok Chauhan
  - b) Relative of key managerial personnel:
    - i) Shri Ram Avtar Bhageria (Father of related parties mentioned at [a)(i) to a)(iii) above].
    - ii) Smt. Satyabhama Bhageria (Mother of related parties mentioned at [a)(i) to a)(iii) 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 36)
  - d) Enterprises owned or significantly influenced by key managerial personnel:
    - i) Madhu Sudhan Bhageria (HUF)
    - ii) Purrshottam Bhaggeria (HUF)
    - iii) Madhav Bhageria (HUF)
    - iv) Nouvelle Securities Pvt Ltd
    - v) SMC Yarns Pvt Ltd
    - vi) Azimuth Investments Ltd
    - vii) Hill Estate Pvt. Ltd.
- (ii) Transactions with related parties during the year :

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 Bhageria	5.62 (5.62)			
Ram Avtar Bhageria		12.00 (18.00)		
Satya Bhama Bhageria		0.00 (3.00)		
Vrinda Bhageria		7.20 (4.50)		
Vedansh Bhageria		3.60 (2.25)		
Yaduraj Bhageria		3.60 (2.25)		
Madhusudan Bhageria (HUF)				3.60 (3.00)
Purrshottam Bhageria (HUF)				3.60 (3.00)
Madhav Bhageria (HUF)				3.60 (3.00)
Nouvelle Securities (P) Ltd.				9.00 (9.00)
Hill Estate (P) Ltd.				8.28 (2.25)



(Rs. in la					
Nature of Transactions	Key Management Personnel	Relative of key managerial personnel	Subsidiary Company	Enterprises owned or significantly influenced by key managerial personnel.	
Money received against convertible warrants					
Madhusudan Bhageria	77.87 				
Purrshottam Bhageria	78.33 				
Madhav Bhageria	78.80 				
Equity shares issued					
Madhusudan Bhageria	302.50				
Purrshottam Bhageria	303.75				
Madhav Bhageria	303.75				
Investments					
Filatex Synthetics (P) Ltd.			(0.76)		
Loans taken			,		
Azimuth Investment Ltd.				0.00 (600.00)	
Loans repaid / given					
Azimuth Investment Ltd.				0.00 (600.00)	
Filatex Synthetics (P) Ltd.			(4.01)		
Interest paid					
Azimuth Investment Ltd.				0.00 (4.01)	
Managerial Remuneration					
Madhusudan Bhageria	45.67 (42.93)				
Purrshottam Bhageria	33.90 (32.27)				
Madhav Bhageria	26.48 (26.14)				
Ashok Chauhan (Joined w.e.f 12th Feb, 2014)	3.61 ()				
Corporate Guarantee					
SMC Yarns Pvt. Ltd. Value of guarantee to be limited to tangible net worth of the company as on 31.03.2014				199.67 ()	
Mortgage of Immovable Property					
SMC Yarns Pvt. Ltd. Realisable value of the property as per valuation report dated 26.04.2013.				317.00	



(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.
Balance outstanding as on 31.03.2014				
SMC Yarns Pvt. Ltd. Value of guarantee to be limited to tangible net worth of the company as on 31.03.2014				199.67
SMC Yarns Pvt. Ltd. Realisable value of the property as per valuation report dated 26.04.2013.				317.00

No amount has been written off or provided for in respect of transactions with related parties. Figures in bracket represent previous year figures.

#### 38. Employee Benefits

#### a) Provident Fund

Contribution to recognized provident fund

The Company contributed Rs.81.02 Lacs (previous year Rs. 78.29 Lacs) towards provident fund during the year ended March 31, 2014.

#### 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.

	(1101 111 1400)			
Year Ended March 31, 2014	Year Ended March 31, 2013			
174.42	136.96			
31.71	30.55			
13.95	11.64			
(4.13)	(8.95)			
(21.12)	4.22			
194.83	174.42			
RECONCILIATION OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATION & FAIR VALUE OF PLAN ASSETS :				
194.83	174.42			
194.83	174.42			
	174.42 31.71  13.95 (4.13) (21.12) 194.83 BENEFIT OBLIGATION			



(Rs. in lacs)

PARTICULARS	Year Ended March 31, 2014	Year Ended March 31, 2013
COST OF THE YEAR :		
Current service cost	31.71	30.55
Past Service Cost		
Interest Cost	13.95	11.64
Net actuarial (Gain) / Loss recognized in the year	(21.12)	4.22
Net cost recognized during the year	24.54	46.41
ASSUMPTION:		
Discount Rate	9.10%	8.00%
Rate of Increase in compensation	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take 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 2014	March 31 2013	March 31 2012	March 31 2011	March 31 2010
Defined benefit obligation	194.83	174.42	136.96	109.71	88.02
Plan Assets					
Deficit	194.83	174.42	136.96	109.71	88.02
Experience adjustments on plan liabilities Loss)/Gain	8.22	0.98	(6.33)	14.29	7.24
Experience adjustments on plan assets					

**39.** 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	Year ended
	March 31, 2014	March 31, 2013
Total Lease payment for the year	122.63	122.91
Minimum lease payments not later than one year	38.30	82.84
Later than one year but not later than 5 years.	9.79	46.35
Later than 5 years		

# 40. Particulars in respect of goods dealt with by the Company:

# a) Value of imported and indigenous raw materials consumed

Description	Year ended March 31, 2014	Percentage (%)	Year ended March 31, 2013	Percentage (%)
Raw Materials     Imported     Indigenous      Consumable/ Spares	59,698.33 72,125.57 131,823.90	45.29 54.71 100.00	38,573.33 62,959.63 101,532.96	38.00 62.00 100.00
- Imported - Indigenous	19.64 915.50 935.14	2.10 97.90 100.00	153.07 822.54 975.61	15.69 84.31 100.00



#### 40. Particulars in respect of goods dealt with by the Company (Contd.)

#### b) Value of Imports on CIF Basis

(Rs. in lacs)

Pai	rticulars	Year ended March 31, 2014	Year ended March 31, 2013
i)	Raw Materials	70,072.51	38,256.70
ii)	Capital Goods	124.90	85.49
iii)	Consumable/Spares	134.08	112.48

#### c) Expenditure in Foreign Currency

(Rs. in Lacs)

Particulars	Year ended	Year ended
	March 31, 2014	March 31, 2013
i) Foreign Travel	31.94	24.22
ii) Commission on exports	40.07	9.03
iii) Foreign Bank Charges	6.11	3.11
iv) Interest on Buyer's Credit	337.45	307.52

#### d) Earnings in Foreign Exchange

(Rs. in Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
FOB Value of Export of Goods (excluding deemed exports)	5,912.27	1,642.41

**41.** 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 30, 2014 RAMAN KUMAR JHA Company Secretary

R P GUPTA

Chief Financial Officer

for and on behalf of the Board of Directors of

**FILATEX INDIA LIMITED** 

**MADHU SUDHAN BHAGERIA** 

Vice Chairman &

Managing Director (DIN: 00021934)

**PURRSHOTTAM BHAGGERIA** 

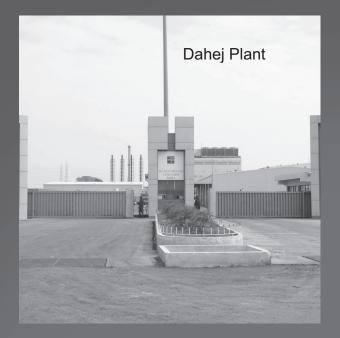
Joint Managing Director (DIN: 00017938) **S C PARIJA**, Director (DIN: 00363608)

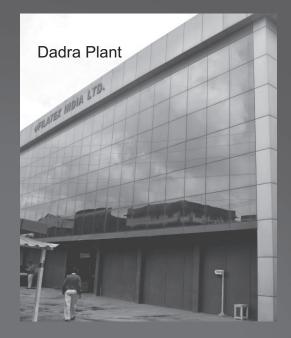
D C TATALON, BILOCOLO (BILL. 00000000

S P SETIA, Director (DIN: 00255049)

B B TANDON, Director (DIN: 00740511)

Ashok Chauhan, Director (DIN: 00253049)









# FILATEX INDIA LIMITED

CIN: L17119DN1990PLC000091

BHAGERIA HOUSE

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