

**TWENTY SECOND  
ANNUAL REPORT  
2011–2012**



**FILATEX INDIA LIMITED**

**Board of Directors**

**Mr. Ram Avtar Bhageria**  
Chairman

**Mr. Madhu Sudhan Bhageria**  
Vice Chairman & Managing Director

**Mr. Purrshottam Bhaggeria**  
Joint Managing Director

**Mr. Madhav Bhageria**  
Joint Managing Director

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

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

**Mr. S.P. Setia**  
Independent Director

**Mr. Vibhu Bakhru**  
Independent Director

**Company Secretary**  
Mr. Raman Kumar Jha

**Bankers**

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

**Auditors**

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

**Registered Office**

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

**Corporate Office**

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

**Works**

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

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

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

**Registrar & Share Transfer Agents****MCS Limited**

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

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# Directors' Profile



**Ram Avtar Bhageria**

*Chairman (Non Executive Director)*

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



**Madhu Sudhan Bhageria**

*Vice Chairman & Managing Director (Promoter)*

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



**Purrshottam Bhaggeria**

*Joint Managing Director (Promoter)*

- Master Degree in Business Administration from Cornell University, USA, 1985
- Honorary Consul of Republic of Moldova in the Republic of India
- Director, Honorary Consular Corps. Diplomatie-India
- Member of Honor society of Phi Kappa Phi, USA
- Co-author & Publisher of two unique and first of its kind Coffee Table Books: "Elite Clubs of India" and "Elite Collector of Modern & Contemporary Indian Art"
- Member of International Affairs Committee for CIS, PHD Chamber of Commerce & Industry
- Past President of Rotary Club of Delhi Heritage, New Delhi, 2010-11
- Ex-Member of Governing Council, Software Technology Parks of India (an autonomous Society under Govt. of India, Ministry of Information Tech.)
- Ex-member of the Governing Body of Lakshmibai College, Delhi University



**Madhav Bhageria**

*Joint Managing Director (Promoter)*

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



**S. P. Setia**

*(Independent Director)*

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



**S. C. Parija**

*(Independent Director)*

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



**B. B. Tandon**

*(Independent Director)*

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



**Vibhu Bakhru**

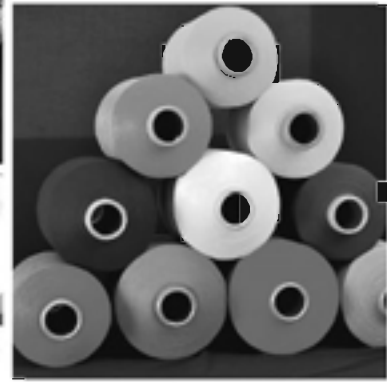
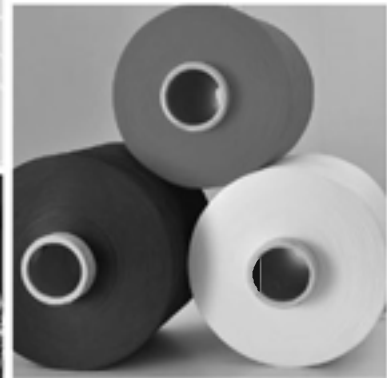
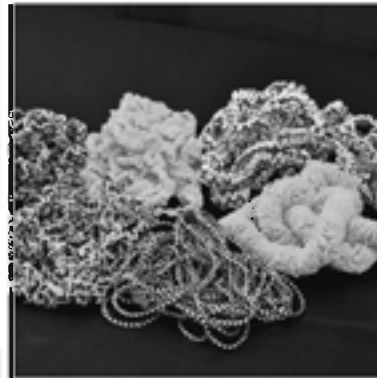
*(Independent Director)*

- Member of the Bar Council of India and Senior Advocate, practicing in Delhi High Court and Supreme Court of India for over 20 years
- A qualified Chartered Accountant
- Member of Company's Audit Committee

# Filatex India Limited

## Corporate

### Our Products &

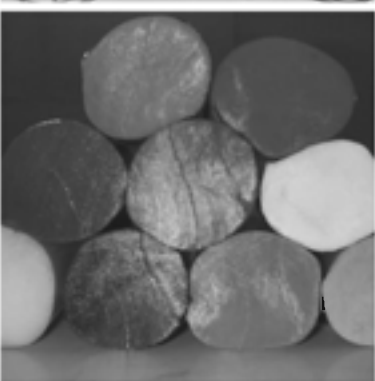




## Office



## Facilities





## NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of FILATEX INDIA LIMITED will be held on Thursday, the 27<sup>th</sup> September, 2012 at 9.30 AM at the Registered Office of the Company at SURVEY NO. 274, DEMNI ROAD, DADRA, (U.T. OF DADRA & NAGAR HAVELI)- 396 191 to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at March 31, 2012 and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended March 31, 2012.
3. To appoint a Director in place of Shri Purrshottam Bhaggeria, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. P. Setia, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the financial year 2012-13 and authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION.

**"RESOLVED THAT** in supersession of the resolution passed at the 21<sup>st</sup> Annual General Meeting held on 04.07.2011, consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(d) and other applicable provisions if any, of the Companies Act, 1956, 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 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)".

7. To consider and, if though, fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION.

**"RESOLVED THAT** in supersession of the resolution passed at the 21<sup>st</sup> Annual General Meeting held on 04.07.2011, consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1)(a) and other applicable provision, if any, of the Companies Act, 1956, 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 finance 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."

By Order of the Board of Directors  
For FILATEX INDIA LIMITED

PLACE : NEW DELHI  
DATE : 29<sup>TH</sup> MAY, 2012

RAMAN KUMAR JHA  
COMPANY SECRETARY

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

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. Explanatory statement pursuant to Section 173(2) of the Companies, 1956 in respect of Special Business under item No. 6 to 7 of the Notice is annexed hereto.





3. The Register of Members and Share Transfer Books of the Company shall remain closed from 24<sup>th</sup> September, 2012 to 27<sup>th</sup> September, 2012 (both days inclusive) for payment of dividend on equity shares and ensuing Annual General Meeting.
4. The payment of dividend, if declared at the 22<sup>nd</sup> Annual General Meeting, will be made to those shareholders whose names appear on the Company's Register of Members as at the closing business hours on 22<sup>nd</sup> September, 2012. In respect of shareholding in dematerialized form, dividend will be paid to the beneficial owners as per the details to be furnished by the Depositories.
5. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
6. Members are requested to bring their copies of the Annual Report at the Annual General Meeting.
7. 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.
8. Shareholders 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.
9. Members who have not yet encashed dividend for the financial year 2009-10 and 2010-11 are requested to write to the Company Secretary of the Company.
10. 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.
11. 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.**

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

##### **Item No(s). 6 & 7**

Section 293 (1)(d) of the Companies Act, 1956 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.

Under the existing authorisation granted by the Company at the 21<sup>st</sup> Annual General Meeting held on 04.07.2011, the Board of Directors is authorised to borrow monies for the business purpose of the Company upto an aggregate amount of Rs.750 Crores. Taking into account, future requirements which would require the Company to resort to higher borrowings, the existing limit is proposed to be enhanced to Rs.1200 Crores (excluding temporary loans obtained from the Company's bankers in the ordinary course of business).

The consent of the members under Section 293 (1)(a) of the Companies Act, 1956 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 (Rupees Twelve Hundreds Crores only) is also sought.

Your Directors recommend passing of the Resolutions at Item No. 6 & 7 as ORDINARY RESOLUTIONS.

None of the Directors of the Company is concerned or interested in the said Resolutions.

By Order of the Board of Directors  
For FILATEX INDIA LIMITED

PLACE : NEW DELHI  
DATE : 29<sup>TH</sup> MAY, 2012

RAMAN KUMAR JHA  
COMPANY SECRETARY

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



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report alongwith the Audited Accounts for the year ended March 31, 2012.

**FINANCIAL RESULTS:****(Rs. in Lacs)**

<b>Particulars</b>	<b>2011-2012</b>	<b>2010-2011</b>
Gross Sales/Income from Operations	51934	53710
Gross Profit before Finance Cost, Depreciation and Tax	3375	4263
Finance Cost	479	541
Depreciation & amortization expense	952	920
Profit before tax	1944	2802
Tax expense		
– Current	395	960
– Deferred	179	(59)
Net Profit	1370	1901
Balance brought forward from previous year	3654	1952
Profit available for appropriation	5024	3853
Proposed Dividend on Equity Shares	240	171
Dividend Distribution Tax	39	29
Balance carried forward to Balance Sheet	4745	3653

**DIVIDEND**

The Board has recommended dividend (proposed) of Rs. 1.00 (One) per equity share of Rs. 10 each subject to approval of Banks and Shareholders of the Company at the ensuing Annual General Meeting for the year 2011-12. The dividend including tax thereon will absorb an amount of Rs.278.93 lacs.

**Subsidiary and Consolidation of Financial Statements**

During the year under review, the Company namely 'Filatex Synthetics Private Limited' was incorporated on 9th March, 2012 as its subsidiary Company and no transaction / business has taken place during the financial year 2011-12. Therefore, the subsidiary's financial statement has not been prepared and consolidated with the annual accounts of the Company.

**OPERATIONS**

During the year the Company achieved turnover of Rs. 51934 lacs as compared to Rs. 53710 lacs for the previous financial year and the Net Profit after tax is Rs. 1370 lacs as compared to Rs. 1901 lacs in the previous year. Decreases in turnover and Net Profit are due to sluggish in demand on account of slowdown in economy and adverse fluctuation in foreign exchange rate.

**EXPANSION**

Your Company has set up of a Polyester Poly Condensation plant with a capacity of 216000 TPA alongwith expansion of polyester POY capacity by 108000 TPA in the state of Gujarat. The Company's plant for Polyester Poly condensation cum POY at GIDC Dahej has been partly commissioned and production of POY in the month of March, 2012. The Company at present manufacturing POY by using polyester chips as raw material, whereas all other major manufacturers are making POY under Direct Melt Spinning Technology being used worldwide, using PTA and MEG as raw materials. The Poly condensation unit will bring your Company at par with other manufacturers of POY. This will enable the Company to reduce operational costs and increase its profitability.

**FIXED DEPOSITS**

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

**DIRECTORS**

Mr. Purrshottam Bhaggeria and Mr. S.P.Setia, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

**DIRECTORS RESPONSIBILITY STATEMENT**

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

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

**CORPORATE GOVERNANCE**

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

**AUDITORS**

M/s Amod Agrawal & Associates, Chartered Accountants, Statutory Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting. Certificate from the auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board of Directors therefore recommend their re-appointment as statutory auditors of the Company for the financial year 2012-13 for the approval of shareholders.

**AUDITORS' REPORT**

The Auditors' Report on the Accounts of the Company for the year under review is self-explanatory and requires no comments.

**STOCK EXCHANGE LISTING**

During the year under review, the Equity Shares of the Company got listed at the National Stock Exchange of India Limited and the Company has voluntarily obtained approval from Calcutta Stock Exchange for delisting of the Equity Shares in terms of Regulation 6 & 7 of SEBI Delisting of Equity Shares) Regulations, 2009. Presently, the Equity Shares of the Company are listed on National Stock Exchange and Bombay Stock Exchanges. The Annual Listing Fee for the year 2012-2013 has been paid to the Stock Exchanges.

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

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

**PARTICULARS OF EMPLOYEES**

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

**ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of Directors

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012

**PURRSHOTTAM BHAGGERIA**  
Joint Managing Director

**MADHU SUDHAN BHAGERIA**  
Vice-Chairman & Managing Director



## REPORT ON CORPORATE GOVERNANCE

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

### 1. Company's Philosophy on Code of Corporate Governance

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

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

### 2. Board of Directors

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

#### i) Present Structure of Board of Directors

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

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

#### ii) Board Meetings

During the year 2011-12, the Board met six times on 30<sup>th</sup> April, 2011, 4<sup>th</sup> June, 2011, 9<sup>th</sup> July, 2011, 2<sup>nd</sup> August, 2011, 5<sup>th</sup> November, 2011 and 9<sup>th</sup> February, 2012.



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	5	-	-	-	NO
2.	Shri Madhu Sudhan Bhageria	6	5	-	-	NO
3.	Shri Purshottam Bhaggeria	6	4	-	-	NO
4.	Shri Madhav Bhageria	Nil	4	-	-	YES
5.	Shri B. B. Tandon	6	14	7	1	NO
6.	Shri Vibhu Bakhru	6	3	-	-	NO
7.	Shri S.P. Setia	5	3	1	2	NO
8.	Shri S.C. Parija	3	1	1	1	NO

\* As on 31.03.2012. 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 manage the day-to-day affairs of the Company subject to the supervision and control of the Board of Directors. The Independent Directors take active part in the Board and Committee meetings which adds value in the decision making process of the Board of Directors.

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

### 3. Audit Committee

In terms of Section 292A of the Companies Act, 1956 and the requirement of the Listing Agreement with the Stock Exchanges, the Board has an Audit Committee comprising of five Directors namely, Shri S.P. Setia, Shri S.C. Parija, Shri B.B. Tandon, Shri Vibhu Bakhru, all Independent Directors and Shri Ram Avtar Bhageria, Non Executive Director. 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 over view of Company's Financial Reporting Process, review of Quarterly, Half Yearly and Annual Financial Statements, Adequacy of Internal Control Systems, Major Accounting Policies & Practices, Compliances with Accounting Standards, Related Party Transactions, etc. The Company Secretary of the Company acts as the Secretary of the Committee.

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

During the year 2011-12 the Committee met four times. The attendance at the meetings is as under: -

Date of Meeting	No. of Members present
30-04-2011	5
02-08-2011	4
05-11-2011	4
09-02-2012	5

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

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


**4. Details of Remuneration paid to the Directors during the Financial Year ended 31<sup>st</sup> March, 2012**
**(Amt in Rs.)**

S. No.	Name of Directors	Salary, Allowances & Commission	Contribution to Provident Fund	Perquisites	Sitting Fees	Total
1.	Shri Ram Avtar Bhageria, Chairman	—	—	—	20000	20000
2.	Shri Madhu Sudhan Bhageria, Vice Chairman & Managing Director	4604979	9360	476354	—	5090693
3.	Shri Purshottam Bhaggeria, Joint Managing Director	4100979	9360	1018975	—	5129314
4.	Shri Madhav Bhageria, Joint Managing Director	4100978	9360	364415	—	4474753
5.	Shri Vibhu Bakhru	—	—	—	25000	25000
6.	Shri S.P. Setia	—	—	—	22500	22500
7.	Shri S.C. Parija	—	—	—	15000	15000
8.	Shri B. B. Tandon	—	—	—	25000	25000

The employment of Managing/Joint Managing Directors is on contractual basis. Except Shri Ram Avtar Bhageria- Non Executive Director who holds 4,62,000 Equity Shares, none of the Non-Executive Directors held any Equity Shares of the Company as on 31<sup>st</sup> March, 2012. The Managing/Joint Managing Directors are paid remuneration as approved by the Board of Directors and Shareholders and such other authorities as the case may be and are not paid sitting fees for Board/Committee Meetings attended by them. Non-Executive Directors do not have any pecuniary relationship with the Company except payment of sitting fees for attending the Board/Committee Meetings. The Company does not have any stock option scheme or performance linked incentive for any of the Directors. The appointments of the Executive Directors are made for a period of five years on the terms and conditions contained in the respective resolutions passed by the members in the Annual General Meetings and no notice period or severance fee is applicable to them.

**5. Shareholders'/Investors' Grievances Committee**

For effective and efficient shareholders services, the Company has a Shareholders'/Investors' Grievances Committee. The Committee comprises of Shri S.P. Setia & Shri S.C. Parija, Independent Directors and Shri Purshottam Bhaggeria, Joint Managing Director of the Company. Shri. S.P. Setia is the Chairman of the Committee. Amongst the other functions, the Committee looks into redressal of Shareholders complaints like non-transfer of Shares, non-receipt of Balance Sheet, non-receipt of Dividends etc. as required pursuant to Clause 49 of the Listing Agreement. The Company attends to Investor 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, 2012, one shareholder complaint was received and resolved to the satisfaction of the shareholder and there were no complaints pending as at the year end. There were no share transfers pending for registration as on 31<sup>st</sup> March, 2012.

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
2008-2009	Survey No.274 Demni Road, Dadra - 396 191 (U.T. of Dadra & Nagar Haveli)	25 <sup>th</sup> September, 2009	09.30 A.M.	No
2009-2010	Same as above	25 <sup>th</sup> September, 2010	09.30 A.M.	No
2010-2011	Same as above	4 <sup>th</sup> July, 2011	09.30 A.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. 38 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 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](http://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 27<sup>th</sup> September, 2012 at 9.30 A.M.
  - Venue Survey No. 274, Demni Road, Dadra - 396191 (U.T. of Dadra & Nagar Haveli)
- 10.2 Financial Calendar (tentative)
  - Results for the quarter ending 30-06-2012 before 14<sup>th</sup> August, 2012
  - Results for the quarter/half year ending 30-09-2012 before 14<sup>th</sup> November, 2012
  - Results for the quarter ending 31-12-2012 before 14<sup>th</sup> February, 2013
  - Results for the quarter/year ending 31-03-2013 before 15<sup>th</sup> May, 2013/ 30<sup>th</sup> May, 2013
- 10.3 Book Closure Date : 24<sup>th</sup> September, 2012 to 27<sup>th</sup> September, 2012 (both days inclusive) for the purpose of payment of dividend
- 10.4 Dividend Payment Date : The Board has recommended dividend of Rs. 1.00 (one) per equity share of Rs. 10 each which will be paid after approval at the ensuing Annual General Meeting.
- 10.5 Listing of Equity Shares : on Stock Exchanges at BSE & NSE. Annual Listing fee for the year 2012-13 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



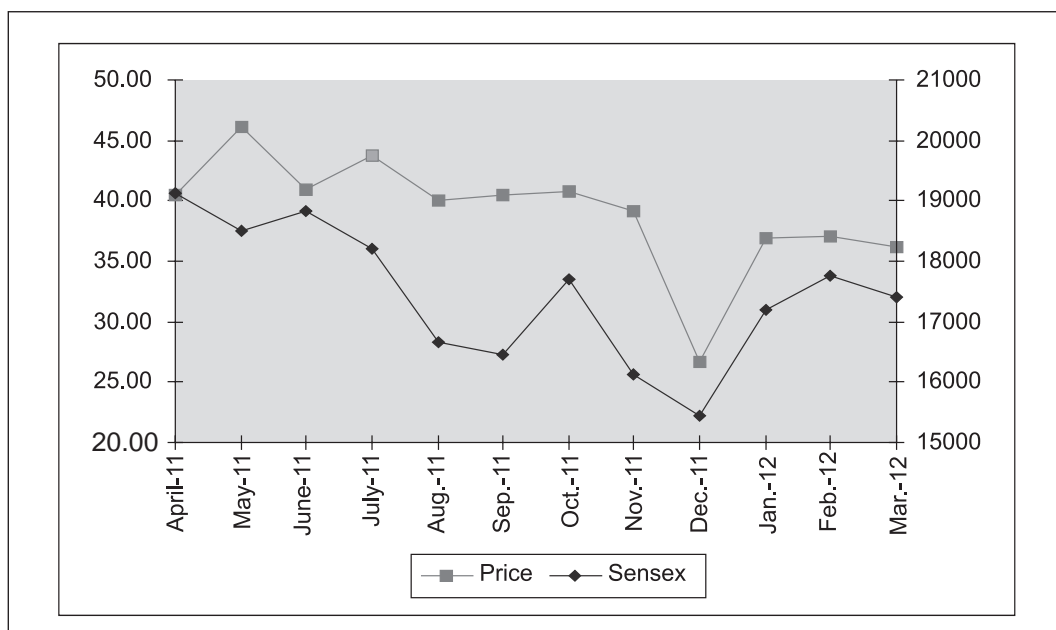


### 10.7 Stock Market Data:

Monthly High & Low of the Equity Shares of the Company for the year 2011-2012 based upon BSE Price data in comparison to BSE Sensex is given below:

Month	High		Low	
	Share Price	Sensex	Share Price	Sensex
April, 2011	43.50	19811	34.30	18976
May, 2011	47.00	19254	36.00	17786
June, 2011	49.80	18873	40.00	17314
July, 2011	48.75	19132	40.70	18132
August, 2011	46.00	18440	35.00	15766
September, 2011	44.00	17212	38.80	15801
October, 2011	42.25	17908	38.00	15745
November, 2011	50.35	17702	37.50	15479
December, 2011	41.95	17003	24.70	15136
January, 2012	39.00	17259	26.70	15358
February, 2012	40.70	18524	35.50	17062
March, 2012	40.50	18040	34.25	16921

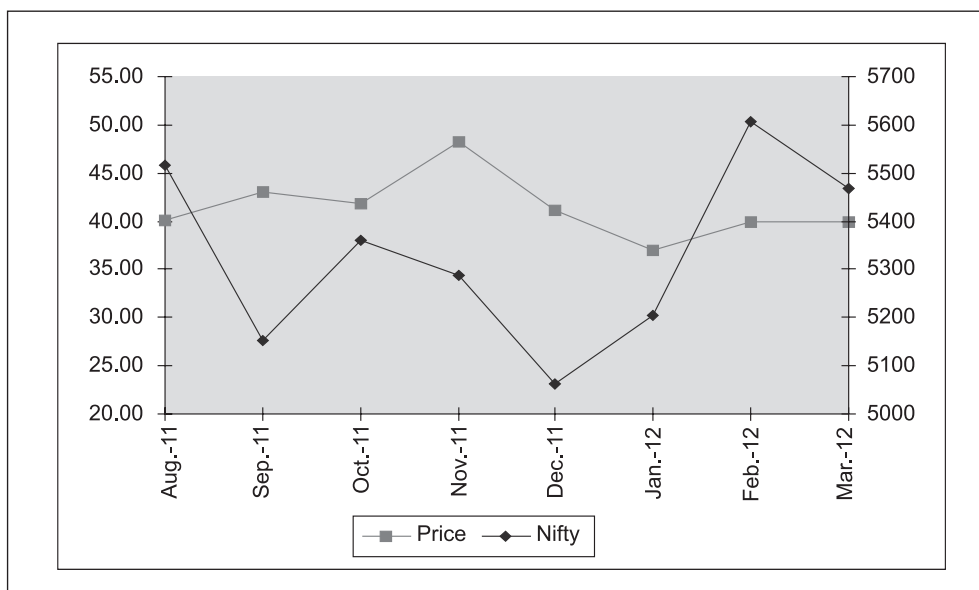
Stock Price Movement



The Equity Shares of the Company got listed at NSE in the month of August 2011. Monthly High & Low of the Equity Shares of the Company for the period August 2011 to March 2012 based upon NSE Price data in comparison to Nifty is given below:

Month	High		Low	
	Share Price	Nifty	Share Price	Nifty
August, 2011	42.80	5552	39.15	4720
September, 2011	43.75	5169	38.00	4759
October, 2011	46.00	5400	38.20	4728
November, 2011	51.00	5326	37.75	4639
December, 2011	42.70	5099	25.10	4531
January, 2012	39.90	5217	22.75	4588
February, 2012	44.50	5630	36.00	5159
March, 2012	45.10	5499	34.50	5136





Stock Price Movement

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

MCS Limited  
F-65, Okhla Industrial Area  
Phase-I, New Delhi- 110020  
Tel: 011-41406148  
Fax: 011-41709881  
Email: mcsdel@vsnl.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 31<sup>st</sup> March, 2012:

S.No.	Category	No. of Shares	% to total
<b>1.</b>	<b>Promoters Holding</b>		
	Promoter Group	1,26,38,495	52.66
<b>2.</b>	<b>Institutional Investors</b>		
	Mutual Funds	63,400	0.26
	Banks and Financial Institutions	100	0.00
	Foreign Institutional Investors	24,02,000	10.01
<b>3.</b>	<b>Others</b>		
	Private Corporate Bodies	41,73,213	17.39
	Indian Public	46,28,638	19.29
	Trust	81,055	0.34
	NRIs/ OBCs	13,099	0.05
	<b>TOTAL</b>	<b>2,40,00,000</b>	<b>100.00</b>


**Distribution of Shareholding as on 31<sup>st</sup> March, 2012**

<b>Range</b>		<b>Shareholders</b>		<b>Shares</b>	
<b>No. of Shares</b>		<b>Number</b>	<b>% to total holders</b>	<b>Number</b>	<b>% to total Capital</b>
Upto 500		4966	84.82	757494	3.16
501 1000		342	5.84	290431	1.21
1001 2000		208	3.55	341899	1.43
2001 3000		92	1.57	239766	1.00
3001 4000		25	0.43	89663	0.37
4001 5000		40	0.68	194783	0.81
5001 10000		57	0.97	427781	1.78
10001 and above		125	2.14	21658183	90.24
<b>Total</b>		<b>5855</b>	<b>100</b>	<b>24000000</b>	<b>100</b>

- 10.11 Dematerialization of Shares: The shares of the Company are traded in compulsory dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).
- Share Dematerialization record As on 31<sup>st</sup> March, 2012, 2,35,85,190 Equity Shares were in dematerialized form which represents 98.28% of the paid up capital.
- 10.12 Outstanding GDR/ADRs/ Warrants or any Convertible Instruments, conversion dates and likely impact on Equity Not Applicable
- 10.13 Plant Location
1. Survey No.274, Demni Road, Dadra-396 191 (U.T. of Dadra & Nagar Haveli)
  2. A-2, Extension Phase-II (Noida), Dist. Gautam Budh Nagar- 201 304 (U.P.)
  3. Plot No. D-2/6, Jolva Village PCPIR, Dahej-2 Industrial Estate, GIDC, Distt. Bharuch Gujarat-392130
- 10.14 Address for Investor Correspondence
- MCS Limited  
F-65, Okhla Industrial Area, Phase-I, New Delhi- 110020  
Tel : 011-41406148, Fax : 011-41709881 Email: [mcsdel@vsnl.com](mailto:mcsdel@vsnl.com)
- Members can also contact at:  
The Company Secretary  
Filatex India Limited  
43, Community Centre,  
New Friends Colony, New Delhi - 110 025  
Email: [shares@filatex.com](mailto:shares@filatex.com), Fax : +91-11-26849915  
Shareholders are requested to quote their Folio Nos./DP Id/Client Id, No. of Shares held and address for prompt reply.

**11. Directors Retiring by Rotation**

Name of Directors	Shri S. P. Setia	Shri Purrshottam Bhaggeria
Age (Years)	71	51
Qualifications	B.Sc (Hons.)	MBA, Cornell University, USA
Date of Appointment	30.07.2003	30.07.2003
Expertise in specific functional areas/ other related activities.	Technical Consultant	Promoter Looking after Finance, Accounts & Legal
List of other Directorship (Indian Public Companies)	Amit Spinning Ltd. Rainbow Integrated Texpack Ltd. Trident Corporation Ltd.	Helios Infrastructure & Projects Ltd. Toni Leathers Ltd., Animate Energy Limited Trilliant Hospitality Limited
Chairman/Member of the committees of the Board of the Companies on which he/she is a Director.	Amit Spinning Ltd. Chairman-Audit Committee Filatex India Limited, Member- Audit Committee Chairman- Shareholders/Investors Grievances Committee Trident Corporation Limited Member- Audit Committee	Filatex India Limited Member- Shareholders Grievances Committee

**12. CEO/CFO Certification**

In terms of Clause 49 of the Listing Agreement, Managing Director and Chief Financial Officer of the Company have submitted a certificate certifying various covenants about financial/cash flow statements, internal controls, financial reporting etc. in respect of Accounts for the year ending 31st March, 2012 to the Board of Directors.

**13. Non Mandatory Items**

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

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**DECLARATION**

I, Madhu Sudhan Bhageria, Vice Chairman & Managing Director of the Company do hereby declare that all the Directors of the Company and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company for the financial year ended 31st March, 2012.

Place: New Delhi  
Date : May 25, 2012

**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, 2012, 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, 2012, the Company Secretary has certified that as at 31<sup>st</sup> March, 2012, 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 : May 29, 2012



## **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 security 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**

India's textile sector contributes 4% to the country's gross domestic product (GDP), 14% of industrial production and 17% to country's export. The industry employs around 35 million people, and is the second largest provider of employment after the agricultural sector.

During 2011-12, the industry witnessed a negative growth owing to high volatility in raw material prices, combined with unfavourable exchange rate fluctuations. The industry is valued around US\$ 70 billion with approximated exports comprising US\$ 31 billion. The country has the potential to increase its textile and apparel share in the world trade from the current level of 4.5% to 8%, and reach US\$ 80 billion by 2020.

The textile market in India is shifting its preference from cotton to Man-Made Fibre (MMF) fabrics. The MMF industry comprises fibre, filaments and yarns required for manufacturing apparel and non-apparel products. Although the preference for cotton yarn is high, a sizable segment of the Indian population prefers apparels made of polyester yarn and other synthetic materials as they are cheaper. The price competitiveness of polyester yarn vis-à-vis cotton yarn will support growth in demand for polyester yarn. As far as domestic scenario is concerned, signs are very encouraging. As per CRISIL Research Report on Manmade fibre, the Polyester Filament Yarn (PFY) forms around 57% of the total Indian manmade textile production and about 27% of total textile production.

Government announced ₹ 900 crore incentives for the exporters in October 2011. The Focus Product Scheme was extended to include Polyester Textured Yarn (PTY), Fully Drawn Yarn (FDY) and polyester textile grade chips. A Special Focus Market Scheme was introduced, which provided additional 1% duty credit for exports to specific countries. Government also scrapped the DEPB scheme and introduced Revised Duty Drawback Scheme with effect from October 01, 2011. Government approved 21 new integrated Textile Parks in nine states of India with a project cost of ₹ 2,100 crore over a period of 36 months. The new Textile Parks are expected to leverage an investment of over ₹ 9,000 crore and generate over 4 lakh jobs.

### **INDUSTRY OUTLOOK**

India continued to hold a crucial position in global textile industry, owing to its advantages of adequate availability of raw materials, relatively lower conversion costs, skilled manpower and favourable demographics. Cotton and polyester accounted for around 92% of the total fibre requirements of Indian textile mills.

As per government estimates, cotton and man-made fibre consumption in India is in the ratio of 59:41 as against the 40:60 ratio globally. The lower per capita fibre consumption in India of around 5 kgs as against global average of 11 kgs indicated huge potential for expansion of fibre consumption. Other major factors for increase in demands are rising disposable income and working population, emerging nonapparel applications of fibre and industry-friendly government policies.

Government restrictions on raw cotton and cotton yarn exports were witnessed along with some proactive measures to assist the domestic and export community against the backdrop of weakened demand and continuous economic uncertainties from the West. The Ministry of Textiles is encouraging investments through increasing focus on schemes, such as Technological Upgradation Fund Scheme (TUFS) and Cluster Development activities and proposed to make TUFS a part of the Twelfth Five Year Plan beginning from April 2012. The Government has also allowed 100% FDI in textile sector.

Polyester Filament Yarn (PFY) is estimated to grow at 8-10% between 2013 & 2015; due to higher growth in home textiles, women's wears and automotive segment.

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

**OPPORTUNITIES & CHALLENGES****Opportunities**

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

**Challenges**

- (i) Unfavorable Exchange rate fluctuation
- (ii) International competition specially with China
- (iii) Inconsistent raw material supply and price volatility

**COMPANY OUTLOOK**

At present, the Company procures polyester chips externally to manufacture POY,FDY and Polyester Filament Yarn. In order to improve its profitability the Company has upgraded some of its POY spinning lines for manufacture of Fully Drawn Yarn (FDY). FDY can be directly be used for making quality fabrics resulting in higher value additions. With a view to have a level playing field as compared to its competitors and to reduce operational costs on recurring basis, the Company has set up of its own Poly condensation plant of 21600MT/per annum alongwith addition of 108000 MT per annum capacity of POY. This will lead to increase in margins. During the year under review, the Company has commenced the commercial production of Partially Oriented Yarn at Dahej Plant.

The company has taken steps toward forward integration by adding a new value added product in its existing products range i.e. Narrow Fabrics by putting up looms to increase share of higher value added product mix resulting into higher profitability. During the year under review, the Company has increased the installed capacity of Narrow Fabrics to existing 2555 MT per annum from 1890 MT per annum.

**RISKS AND CONCERNS**

The Company perceives the following main business risks:

- a) Unfavorable Exchange rate fluctuation
- b) High volatility in raw material prices
- c) Sluggish downstream demand
- d) Overcapacity of domestic PFY industry
- e) Volatility in crude oil prices
- f) Decline in cotton yarn prices would put pressure on demand for PFY
- g) Possible product substitution in the fibre market based on change in the prices of competitive fibres.
- h) International competition

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

The Company has appointed a firm of Chartered Accountants as the Internal Auditor to conduct operations and systems audit in accordance with audit plans adopted by the Audit committee. Internal Auditors as part of their



assignment evaluate and assess the adequacy and effectiveness of internal control measures and compliance with policies, plans and statutory requirements. The Internal Audit Reports are reviewed at the Audit Committee Meetings and appropriate actions on the recommendation are initiated by the Management.

## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

During the year the Company achieved turnover of Rs. 51934 lacs as compared to Rs. 53710 lacs for the previous financial year and the Net Profit after tax is Rs. 1370 lacs as compared to Rs. 1901 lacs in the previous year. Decreases in turnover and Net Profit are due to sluggish in demand on account of slowdown in economy and adverse fluctuation in foreign exchange rate.

## **HUMAN RESOURCES & INDUSTRIAL RELATIONS**

Human Resources are vital to the success of any Organization. The Company believes that the quality of its employees is the key to success in the long run and is committed to provide necessary human resource development and training opportunity to equip them with skill, on the job training and technical training and opportunity for open interactions, communications and feedback. Relations with employees remained cordial during the year under review. Consistent and fair policies ensure that industrial relations continue to be peaceful and results in improvement in productivity and effectiveness. Your Company aims at creating development oriented approach for its employees by building systems, processes and focusing on recruitment of top quality manpower. Focus on performance appraisal and incentive schemes results in enhancing productivity on a substantial basis. It provides an opportunity to all the employees to utilize their full potential and grow in the organization and believes in empowering its people and providing a stimulating professional environment. The Company also provides safety training on regular basis to all the employees including temporary employees. The number of the persons employed in the Company as on 31.03.2012 is 1017 as compared to 842 in the previous year.

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## **ANNEXURE TO DIRECTORS' REPORT**

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

#### **A. CONSERVATION OF ENERGY:**

##### **1. Energy Conservation measures taken:**

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

- Two Gas engines installed with waste heat recovery systems for process heating & chilling system. With this Thermic fluid heating systems stopped to save furnace oil. Also some electric chillers stopped / reduced resulting in power saving. With VAC chillers which are also being run on waste heat.
- IR make centrifugal compressor installed to improve in efficiency of air generation.
- Latest type vaccum 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.
- Air dryer modified to improve dryer efficiency
- Hot & Cold insulation changed to avoid losses & improve efficiency
- Optimization & improvement of air cooling system to stop chillers & fitment of Fall ceiling done.
- Continuous health check up & improvement in air compressors to increase efficiency
- Major modification in plant piping system to make different Pr air circuits according to end use
- Pressure Transmitter & inverter fixed in air compressor

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

- Remaining motors in D/tex M/cs to be replaced with energy saving type
- A.C. Drive provided in place of D.C. Drive
- A.C. Drive also installed in G.R in place of gear system
- Putting up Invertors in more Air Compressors & water pumps





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

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

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

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

**B. TECHNOLOGY ABSORPTION:**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

The Company is continuously exploring the possibilities for exports to newer markets. Consistent efforts are being made to sustain new avenues for exports. During the year the company achieved export sale of Rs.1160 lacs as compared to 792 lacs in the previous year.

- b)** Foreign Exchange earned : Rs.1160 Lacs  
 Foreign Exchange Outgo : Rs.14949 Lacs

**D. INFORMATION ON POLLUTION CONTROL MEASURES:**

The Company is maintaining & monitoring environment and pollution control parameters at its plants on a continuous basis. The company does not generate any effluents, however, 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:**

	2011-2012	2010-2011
<b>A) Power and Fuel Consumption:</b>		
1. Electricity		
a) Purchased Units KWH	47405940	59313725
Total amount Rs.	198332065	192874735
Rate per unit Rs.	4.18	3.25
b) Own generation through DG Sets		
Units KWH	691162	690937
Units per Liter of Diesel oil	3.17	3.11
Cost per unit Rs.	11.37	10.29
c) Own generation through Gas Engine		
Units KWH	5602900	—
Total amount Rs.	27710385	—
Rate per unit Rs.	4.95	—
2. Coal	NIL	NIL
3. Furnace Oil		
- Quantity (MT)	270.485	725.680
- Total amount ( Rs. in lacs)	92.16	181.00
- Average Rate/Litre (in Rs.)	34.07	24.94
4. Others	NIL	NIL
<b>B) Consumption per unit of production :</b>		
Electricity (KWH/KG)	0.92	0.86
Furnace Oil(K. ltr/MT)	0.005	0.011



**FORM 'B'**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION:**

**Research and Development:**

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

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

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

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

**3. Future Plan of Action:**

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

**4. Expenditure on Research & Development:**

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

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

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

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

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

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

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

1. We have audited the attached Balance Sheet of Filatex India Limited as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. *The company has adjusted the exchange loss of Rs. 7.58 lacs on foreign currency loans for less than 12 months and considered as long term foreign currency loans, relating to acquisition of capital assets, as the management intends to roll over the same for a period of up to three years, to the cost of qualifying depreciable assets. Had the exchange loss been charged to statement of Profit & Loss, the profit for the year would have been lower by Rs.7.57 lacs, fixed assets would have been lower by Rs. 7.58 lacs and reserve & surplus would have been lower by Rs. 7.57 lacs.*
5. Further to our comments in the Annexure referred to in para 3 above, 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 purposes 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, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of section 274(1) (g) of Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes to financial statements, subject to qualification in para 4 above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of Balance Sheet, of the state of the affairs of the Company, as at March 31, 2012.
    - ii) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
    - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : New Delhi  
Date : 29.05.2012

**VIRENDRA KUMAR**  
**PARTNER**  
Membership No. 85380

**Annexure referred to in paragraph (3) of our report of even date**

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. According to information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured to / from any party covered in the register maintained Under section 301 of the Companies Act, 1956. Hence our comments on para (iii)(a) to (iii)(d) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There are no transactions in respect of sale of services during the year. Accordingly the issue of continuing failure to correct major weakness in internal control in these areas does not apply.
5. According to the information and explanations provided by the management, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules made thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have however, not made a detailed examination of these records.
9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it with the appropriate authorities.  
b) According to the information and explanations given to us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom duty and Excise duty outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.  
c) According to the records of the company, there are no dues of wealth tax and cess, which have not been deposited on account of any dispute. Dues towards excise & customs duties, sales tax, VAT, service tax and income tax that have not been deposited on account of dispute are stated below:



<b>Sl. No</b>	<b>Nature of Dues</b>	<b>Amt (Rs/lacs)</b>	<b>Period to which it relates</b>	<b>Forum where dispute is pending</b>
1	NCCD on Deemed Exports & Job Work.	98.24	July, 2003 to June, 2004	Central Excise & Service Tax Appellate Tribunal, Western Zone, Ahmedabad.
2	NCCD on Deemed Exports.	2.76	July to Nov. 2004	Commissioner of Central Excise (Appeals), Vapi
3	Sales Tax	18.16	FY 2002-03	Appallete Tribunal,Noida(UP)
4	Differential duty on import of chips	14.54	December, 2007	Asst. Commissioner of Customs, Group II, E&B, JNCH, Navi Mumbai.
5	Co-Party made with a customer for discrepancies in compliance of export obligation by customer.	15.00	April, 2007	CESTAT, Western Zone, Ahmedabad.
6	Estimation of sales value of Yarn	174.22	FY 2002-03	Supreme Court.
7	Demand on non receipt of Warehouse Certificate	4.81	June, 2005	Jt. Commissioner, Central Excise & Customs, Vapi.
8	Sales Tax	0.32	FY 2003-04	Jt. Commissioner (Appeals), Sales Tax
9	NCCD against CENVAT of basic excise duty	453.12	March 2006 to February 2008.	The Commissioner, Central Excise & Customs, Vapi
10	Penalty under Rule 209A of the CE Rules 1994.	0.50	FY 2005-06	The Asst. Commissioner, Customs, Group II, C&D, JNCH, Navi Mumbai.
11	Demand towards adjustments of NCCD against CENVAT credit of Basic Excise Duty.	21.68	February, 2008	The Jt. Commissioner, Central Excise & Customs, Vapi
12	Credit of Service Tax availed on courier service.	0.21	2005-06 & 2006-07	The Asst. Commissioner of Central Excise, Silvassa.
13	Cenvat availed on photocopy of Bill of Entry	0.47	FY 2008-09	The Asst. Commissioner of Central Excise, Noida.
14	Remittance of Excise Duty on fire	3.36	FY 2008-09	The Asst. Commissioner of Central Excise, Noida.
15	Income Tax demand on account of additions	33.37	AYs 2001-02 To 2005-06	Income Tax Appellate Tribunal, Delhi.
16	Penalty on Income Tax demand	33.37	AYs 2001-02 To 2005-06	Commissioner of Income Tax (Appeals)
17	Income Tax demand on account of additions	2.20	AY 2008-09	Commissioner of Income Tax (Appeals)
18	Demand for sale of Grey Knitted fabrics from the premises of various job workers.	623.52	FY 2008-09	CESTAT, WZB, Ahmedabad
19.	Cenvat credit of capital goods	2.84	2007-08 & 2008-09	The Asst. Commissioner of Central Excise, Silvassa.
20.	Excess credit availed on goods supplied to 100% EOUs	14.80	FY 2007-08 & 2008-09	The Addl. Commissioner of Central Excise, Silvassa.

10. The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses during the year under report and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund, nidhi / mutual benefit fund and societies.
14. The company has not dealt/traded in shares, securities and debentures during the year.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
16. Based on the audit procedures applied by us & according to the information & explanations provided by the management, the term loans taken by the company during the year have been applied for the purpose for which the loans were obtained.



17. According to the information and explanation given to us and on the basis of overall examination of the Balance Sheet of the company, in our opinion, no short term funds have been used for long term uses, during the year under our report.
18. 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 upon conversion of convertible warrants issued in earlier years. In our opinion the price at which shares are allotted against warrants 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

Place : New Delhi

Date : 29.05.2012

**VIRENDRA KUMAR**

**PARTNER**

Membership No. 85380

**FILATEX INDIA LIMITED****BALANCE SHEET AS AT MARCH 31, 2012****(Rs. in Lacs)**

<b>Particulars</b>	<b>Notes</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>Equity &amp; Liabilities</b>			
<b>Shareholders' Fund</b>			
Share Capital	3	2,400.00	1,714.14
Reserves & Surplus	4	12,181.35	8,746.73
Money received against share warrants	-		1,320.00
		<u>14,581.35</u>	<u>11,780.87</u>
<b>Non - current liabilities</b>			
Long term borrowings	5	18,632.21	2,839.48
Deferred tax liability (Net)	6	1,474.89	1,295.73
Other Long term liabilities	7	17.66	15.37
Long term provisions	8	191.02	153.94
		<u>20,315.78</u>	<u>4,304.52</u>
<b>Current liabilities</b>			
Short term borrowings	9	4,307.20	4,041.23
Trade Payables	10	1,088.77	1,946.73
Other current liabilities	11	5,158.17	2,366.05
Short term provisions	12	317.48	226.51
		<u>10,871.62</u>	<u>8,580.52</u>
<b>Total</b>		<b><u>45,768.75</u></b>	<b><u>24,665.91</u></b>
<b>Assets</b>			
<b>Non- current assets</b>			
Fixed Assets			
Tangible assets	13	17,688.57	10,522.78
Intangible assets	13	13.74	27.72
Capital work in progress		18,474.01	3,323.06
Non-current Investment	14	0.77	0.01
Long term loans and advances	15	455.73	1,044.67
Other non-current assets	16	131.61	100.14
		<u>36,764.43</u>	<u>15,018.38</u>
<b>Current assets</b>			
Inventories	17	4,752.47	5,100.66
Trade receivables	18	2,663.13	2,700.44
Cash & cash equivalents	19	564.69	777.30
Short term loans & advances	20	965.94	996.04
Other current assets	21	58.09	73.09
		<u>9,004.32</u>	<u>9,647.53</u>
<b>Total</b>		<b><u>45,768.75</u></b>	<b><u>24,665.91</u></b>

Summary of significant accounting policies 2

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

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

**VIRENDRA KUMAR**  
Partner  
**Membership No. 85380**

Place : New Delhi  
Date : May 29, 2012

**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

**PURRSHOTTAM BHAGGERIA**  
Joint Managing Director

**S C PARIJA**, Director  
**S P SETIA**, Director

**B B TANDON**, Director  
**VIBHU BAKHRU**, Director



**FILATEX INDIA LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012****(Rs. in Lacs)**

<b>Particulars</b>	<b>Notes</b>	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
Revenue from operations (gross)	22	51,934.07	53,710.12
Less : Excise duty		4,593.71	5,068.41
Revenue from operation (net)		47,340.36	48,641.71
Other Income	23	120.05	117.43
<b>Total revenue (I)</b>		<b>47,460.41</b>	<b>48,759.14</b>
<b>Expenses</b>			
Cost of material consumed	24	38,871.35	40,480.13
Purchases of traded goods	24	193.23	-
(Increase)/decrease in Inventories of finished goods and work in progress	25	(243.11)	(714.23)
Employee Benefits expense	26	1,440.91	1,152.03
Finance cost	27	478.91	541.12
Depreciation & amortization expense	13	951.61	920.08
Other Expenses	28	3,823.64	3,577.97
<b>Total expenses (II)</b>		<b>45,516.54</b>	<b>45,957.10</b>
<b>Profit before Tax</b>		<b>1,943.87</b>	<b>2,802.04</b>
<b>Tax expense</b>			
Current tax		394.60	960.23
Deferred tax		179.17	(58.91)
Taxation for earliear years		-	(0.42)
<b>Total tax expense</b>		<b>573.77</b>	<b>900.90</b>
<b>Profit after tax</b>		<b>1,370.10</b>	<b>1,901.14</b>
<b>Earnings Per Share</b>			
Basic	29	6.19	11.09
Diluted	29	6.19	8.99

Summary of significant accounting policies 2

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

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

**VIRENDRA KUMAR**  
Partner  
**Membership No. 85380**

Place : New Delhi  
Date : May 29, 2012

**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

**PURRSHOTTAM BHAGGERIA**  
Joint Managing Director

**S C PARIJA**, Director

**S P SETIA**, Director

**B B TANDON**, Director

**VIBHU BAKHRU**, Director

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

<b>Particulars</b>	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
<b>Cash flow from operating activities</b>		
Net profit / (loss) before tax	1,943.87	2,802.03
Adjustment for:		
Depreciation/amortization	951.61	920.09
Impairment/other write off on tangible/intangible assets pertaining to continuing operation liability written back	(12.76)	-
Loss/(profit) on fixed assets sold/discarded (net)	(5.84)	2.36
Unrealized foreign exchange loss (net)	-	(57.55)
Interest expense	291.20	360.80
Interest income	(88.64)	(88.23)
Dividend income	(15.68)	-
Miscellaneous expenses written off	2.00	2.00
<b>Operating profit before working capital changes</b>	<b>3,065.76</b>	<b>3,941.50</b>
<b>Movements in working capital :</b>		
Decrease/ (increase) in sundry debtors	37.31	(1,820.59)
Decrease/ (increase) loans and advances/other current assets	602.56	959.28
Decrease/ (increase) in inventories	348.18	(2,380.23)
Increase / (decrease) in trade & other payable / provisions	2,064.49	1,730.18
Cash generated from operations	6,118.30	2,430.14
Direct taxes paid	406.23	862.76
<b>Net cash flow from operating activities (a)</b>	<b>5,712.07</b>	<b>1,567.38</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(23,331.68)	(6,605.74)
Sale of fixed assets	26.49	15.85
Purchase of non-current investments	(0.76)	-
Proceeds of deposits matured	506.34	-
Interest received	88.64	88.23
Dividends received	15.68	-
<b>Net cash flow from/(used in) investing activities (b)</b>	<b>(22,695.29)</b>	<b>(6,501.66)</b>

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

<b>PARTICULARS</b>	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital including premium	1,709.30	520.00
Proceeds from long-term borrowings	16,387.72	4,623.12
Proceeds from short-term borrowings	265.98	992.25
Repayment of long & short term borrowings	(594.97)	(911.50)
Unrealized foreign exchange gain	-	57.55
Interest paid	(291.20)	(360.80)
Dividend paid	(171.41)	-
Tax on equity dividend paid	(28.47)	-
<b>Net cash flow from/(used in) in financing activities (c)</b>	<b>17,276.95</b>	<b>4,920.62</b>
<b>Net increase/(decrease) in cash and cash equivalents (a + b + c)</b>	<b>293.73</b>	<b>(13.66)</b>
Cash and cash equivalents at the beginning of the year	40.54	54.20
<b>Cash and cash equivalents at the end of the year</b>	<b>334.27</b>	<b>40.54</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	24.97	15.96
Balance with scheduled Banks :	305.76	23.68
- on deposit account	230.42	736.76
- unpaid dividend accounts*	3.54	0.90
<b>Cash and Bank Balances</b>	<b>564.69</b>	<b>777.30</b>
<b>Less : Fixed deposits not considered as cash and cash equivalents</b>		
- Deposit pledge with banks	230.42	736.76
- Deposit having maturity period more than 3 months	-	-
	<b>334.27</b>	<b>40.54</b>

\* 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**  
Chartered Accountant  
Firm Registration No. 005780N

**VIRENDRA KUMAR**  
Partner  
**Membership No. 85380**

Place : New Delhi  
Date : May 29, 2012

**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

**PURRSHOTTAM BHAGGERIA**  
Joint Managing Director

**S C PARIJA**, Director

**S P SETIA**, Director

**B B TANDON**, Director

**VIBHU BAKHRU**, Director


**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**
**1. Nature of Operation**

Filatex India Limited (hereinafter referred to as "the Company") is a manufacturer of Polyester, Nylon, Polypropylene Multi & Mono Filament Yarns and Narrow fabrics.

**2. Statement of Significant Accounting Policies**
**a) Preparation and disclosure of financial statements**

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has re-classified previous year figures in accordance with the requirements applicable in the current year.

**b) Basis of preparation**

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

**c) 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.

**d) 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 cost relating to acquisition of fixed assets which takes 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)	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.

**e) 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.

**f) Intangible**

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

**g) 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.

**h) Investments**

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

**i) Leases**

*Where the company is the lessee*

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 Profit & Loss Account on a straight-line basis over the lease term.

**j) 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, 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 (Derivative instruments) not intended for trading or speculation purposes**

The Company uses derivative financial instruments including 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.

### **k) 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 first in first out (FIFO) basis.

#### **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.

### **l) 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.

### **m) 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 buyer. Sales are net of return, volume discount, trade discounts & sales tax /VAT including excise duty.

#### **Export Benefits**

Export benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB) and Advance License Scheme 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.

**n) 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.

**o) 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 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.

**p) 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.

**q) 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.

**r) 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.

**s) 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.

**t) Miscellaneous Expenditure**

Miscellaneous expenditure represents expenses incurred for issue of share capital. The same are written off over a period of five years in equal installments.




**3. SHARE CAPITAL**
**(Rs. in Lacs)**

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Authorised</b>		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs.10/- each	4,000.00	4,000.00
	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
2,40,00,000 (previous year 1,71,41,397) Equity Shares of Rs.10/-each fully paid	2,400.00	1,714.14
	<b>2,400.00</b>	<b>1,714.14</b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	<b>(Rs. in Lacs)</b>			
	<b>March 31, 2012</b>		<b>March 31, 2011</b>	
	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>
At the beginning of the year	17,141,397	1,714.14	17,141,397	1,714.14
Add : Shares issued during the year	6,858,603	685.86	-	-
<b>Outstanding at the end of the period</b>	<b>24,000,000</b>	<b>2,400.00</b>	<b>17,141,397</b>	<b>1,714.14</b>

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

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

During the year ended 31 March 2012, the amount of dividend recognized as distribution to equity shareholders is Rs.1/- per share (previous year Rs.1/- per share).

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

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

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

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

(i) During the year company has further received Rs.280 lacs against 40,00,000 convertible warrants (total Rs.1,600 lacs including Rs.1,320 lacs received upto previous year) which have been converted into 40,00,000 equity shares of Rs.10/- each at a premium of Rs.30/- per share.

(ii) The company has also received an amount of Rs.1,429.30 lacs (previous year Nil) and has issued 2858603 equity shares of Rs.10/- each at a premium of Rs.40 per share.

**e. Details of shareholders holding more than 5% shares in the company**

	<b>(Rs. in Lacs)</b>	
	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
Madhu Sudhan Bhageria	125.25	125.25
1252500 (previous year 1252500) equity shares of Rs.10/- each fully paid		
Purrshottam Bhaggeria	-	86.50
865000 (previous year 865000) equity shares of Rs.10/- each fully paid		
Azimuth Investments Ltd.	312.50	186.00
3125000 (previous year 1860000) equity shares of Rs.10/- each fully paid		
Nouvelle Securities (P) Ltd.	198.90	-
1989016 (previous year 769016) equity shares of Rs.10/- each fully paid		
Somerset Emerging Opportunities Fund	160.20	90.20
1602000 (previous year 902000) equity shares of Rs.10/- each fully paid		


**4. Reserve & Surplus**
**(Rs. in Lacs)**

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>Capital Reserve</b>	<u>1,253.11</u>	<u>1,253.11</u>
<b>Capital Redemption Reserve</b>	<u>1,250.00</u>	<u>1,250.00</u>
<b>Securities Premium Reserve</b>		
Balance as per the last financial statement	2,165.86	2,165.86
Add: Premium on equity shares issued during the year	2,343.44	-
Closing Balance	<u>4,509.30</u>	<u>2,165.86</u>
<b>General Reserve</b>	<u>424.26</u>	<u>424.26</u>
<b>Surplus/(deficit) in the statement of profit &amp; loss</b>		
Balance as per last financial statement	3,653.51	1,952.26
Profit for the year	1,370.10	1,901.14
<b>Less: Appropriations</b>		
Proposed dividend on equity shares Re.1/- per share (previous year Re.1/- per share)	240.00	171.41
Tax on proposed equity dividend	38.93	28.49
Total appropriations	<u>278.93</u>	<u>199.90</u>
<b>Net surplus in the statement of profit and loss</b>	<u>4,744.68</u>	<u>3,653.50</u>
<b>Total reserves and surplus</b>	<u>12,181.35</u>	<u>8,746.73</u>

**5. Long term borrowings**
**(Rs. in Lacs)**

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
From Banks (secured)		
(i) Term Loans		
- Rupee loans	2,595.65	1,208.71
- Foreign currency loans	1,969.00	-
(ii) Vehicle Loans	77.79	22.98
(iii) Buyers credit	13,689.77	1,607.79
From body corporate (unsecured)	300.00	-
	<u>18,632.21</u>	<u>2,839.48</u>

**I. Term loans**

- a) **From consortium member banks** of Rs.5,397.69 lacs (Previous Year Rs.2,375.29 lacs) are secured by first mortgage created by way of deposit of title deeds on pari passu basis in respect of immovable properties, both present and future, and first charge by way of hypothecation of company's all movable assets (save & except inventories, book debts, vehicles acquired through specific loans). These loans are further secured by second charge by way of hypothecation of stocks of raw material, finished goods, semi-finished goods, stores & spares, book debts and other receivables (both present and future), pledge of 500000 equity shares of the face value of Rs.10/- each of the company, mortgage of an immovable property owned by a promoter director and personal guarantees of the promoter directors. These loans bear floating interest rate ranging from Base Rate plus 3.00% - 4.25% p.a. and are repayable in quarterly installments from April, 2012 to March, 2019.
- b) **From State Bank of India** of Rs.2,198.53 lacs (Previous year Rs. Nil) is collaterally secured by mortgage created by way of deposit of title deeds in respect of the immovable property situated at (i) Ground floor and Third floor of Plot no. 43, New Friends Colony, New Delhi 110025, belonging to promoters group, (ii) pledge of 35 lacs equity shares of the Company having face value of Rs.10/- each held in the name of the promoters (iii) Third charge on company's fixed assets and current assets and are further secured by personal guarantee of Promoter Directors and the property owners. The loan bears floating interest at base rate plus 4.00% pa and is repayable in 8 quarterly balooning instalments from July, 2012.



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

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

- a) Buyers' credit amounting to Rs.13,689.77 lacs (Previous Year Rs.1,607.79 lacs) are against Letters of Undertaking (LOUs) / Letter of Comfort (LOCs) issued by consortium of banks. LOUs / LOCs facility is secured by first mortgage created by way of deposit of title deeds on pari passu basis in respect of immovable properties, both present and future, and first charge by way of hypothecation of company's all movable assets (save & except inventories, book debts, vehicles acquired through specific loans). These loans are further secured by second charge by way of hypothecation of stocks of raw material, finished goods, semi-finished goods, stores & spares, book debts and other receivables (both present and future), pledge of 500000 equity shares of the face value of Rs.10/- each of the company, mortgage of an immovable property owned by a promoter director and personal guarantees of the promoter directors. The loan bears floating interest @ US Libor / Euribor plus 1.10% - 2.00%.
- b) LOCs / LOUs facilities are sanctioned to the company as a sub limit of term loan. Liability towards Buyers' Credit under LOCs / LOUs will be liquidated out of the proceeds of term loans that are repayable over a period upto seven years.

**IV. From a body corporate** carries interest @ 11% and is payable after two years from the date of receipt.

**6. Deferred tax liability**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1,572.60	1,357.34
<b>Gross deferred tax liability</b>	<b>1,572.60</b>	<b>1,357.34</b>
<b>Deferred tax assets</b>		
Effect of expenditure debited to profit & loss account in the current year but allowed for tax purposes in the following years	97.71	61.61
<b>Gross deferred tax asset</b>	<b>97.71</b>	<b>61.61</b>
<b>Net deferred tax liability / (assets)</b>	<b>1,474.89</b>	<b>1,295.73</b>
<b>Net deferred tax liability / (assets) for the year</b>	<b>179.16</b>	<b>(58.91)</b>

**7. Other long term liabilities**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Deposits against vehicle	17.66	15.37
	<b>17.66</b>	<b>15.37</b>

**8. Long term provisions**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Provision for Gratuity	116.71	95.83
Provision for Leave Encashment	74.31	58.11
<b>Total long term provisions</b>	<b>191.02</b>	<b>153.94</b>


**9. Short term borrowings**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
(i) From Banks (Secured)		
Working Capital :		
- Rupee loans	2,734.84	941.83
- Foreign currency loans	600.00	600.00
Buyer's credit for raw material	972.36	1,580.56
Liability under deferred payments	-	918.84
<b>Total short term borrowings</b>	<b>4,307.20</b>	<b>4,041.23</b>

- I. Working capital loans from consortium member banks are secured by first charge by way of hypothecation of stocks of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) and are further secured by way of second charge on block of fixed assets of the company except vehicles acquired out of specific loans(s). These are further secured by pledge of 500000 equity shares of the face value of Rs.10/- each of the company, mortgage of an immovable property owned by a promoter director and personal guarantees of promoter directors on pari passu basis.
- II. The working capital loans from banks are repayable on demand and carry interest at Base Rate plus 3.25% pa.
- III. Buyers' Credit for raw material are against LOUs / LOCs issued by consortium of banks. The LOUs / LOCs facility is sanctioned to the Company as a sub limit of Non Fund (LCs) based facility. The facility is secured by first charge by way of hypothecation of stocks of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) further secured by way of second charge in respect of entire block of fixed assets of the company except vehicles acquired out of specific loans(s). These are further secured by pledge of 500000 equity shares of the face value of Rs.10/- each of the company, mortgage of an immovable property owned by a promoter director and personal guarantees of promoter directors on pari passu basis. The loan bears floating interest @ US Libor / Euribor plus 1.10% - 2.00%.
- IV. Liability under deferred payments for the previous year pertained to the land allotted by Gujarat Industrial Development Corporation (GIDC) on lease hold basis and the amount deferred was payable in 12 quarterly installments w.e.f. March 31, 2011 and carried interest @ 12.50% per annum. However, the company has made payment of the deferred amount in the current financial year.

**10. Trade payable**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
<b>Trade payables</b>		
Acceptances	-	1,328.95
Total outstanding dues of micro,small & medium enterprises	7.62	0.80
Total outstanding dues of other than micro,small & medium enterprises	1,081.15	616.98
<b>Total trade payables</b>	<b>1,088.77</b>	<b>1,946.73</b>

**11. Other current liabilities**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Current maturity of long term borrowings		
From Banks (secured)		
(i) Term Loans		
- Rupee loans	3,031.58	710.33
- Interest accrued and due on rupee loans	16.04	8.72
- Foreign currency loans	-	456.25


**(Rs. in Lacs)**

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(ii) Vehicle Loans	48.48	14.84
Dealer's deposits	97.20	100.27
Interest accrued but not due on borrowings	104.35	10.82
Advance received from customers	133.20	383.30
Unpaid dividends	3.54	0.90
(To be transferred to Investor Education & Protection Fund as and when due)		
Dues to statutory authorities	92.90	79.52
Retention Money	432.33	-
Expense payable	497.60	495.21
Payable others than trade	700.95	105.89
<b>Total other current liabilities</b>	<b>5,158.17</b>	<b>2,366.05</b>

**12. Short term provisions**
**(Rs. in Lacs)**

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
Gratuity	20.25	13.88
Leave Encashment	18.30	12.75
Proposed Dividend including tax thereon	278.93	199.88
<b>Total short term provisions</b>	<b>317.48</b>	<b>226.51</b>

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

Discription	Gross Block				Accumulated depreciation / Amorisation				Net Block	
	April 1, 2011	Additions	Deduction/ Adjust-ments	March 31 2012	April 1, 2011	Current Year	Deduction/ Adjust-ments	March 31, 2012	March 31, 2012	March 31, 2011
<b>Tangible Assets</b>										
Land (free hold)	724.15	8.08	-	732.23	-	-	-	-	732.23	724.15
Land (lease hold)	1,544.50	133.28	-	1,677.78	4.79	0.53	-	5.32	1,672.46	1,539.71
Building factory	1,144.10	1,811.41	-	2,955.51	381.76	39.91	-	421.67	2,533.84	762.34
Building non factory	570.85	-	-	570.85	130.25	9.30	-	139.55	431.30	440.60
Plant & machinery	15,098.49	5,939.21	62.39	20,975.31	8,377.26	838.09	48.43	9,166.92	11,808.39	6,721.23
Furniture & fittings	132.56	17.67	-	150.23	78.51	11.60	-	90.11	60.12	54.05
Vehicles*	328.99	139.67	16.60	452.06	121.36	31.57	9.91	143.02	309.04	207.63
Office equipments	107.79	53.31	-	161.10	47.22	6.30	-	53.52	107.58	60.57
Computer	72.09	14.35	-	86.44	44.56	8.27	-	52.83	33.61	27.53
<b>Intangible assets :</b>										
Softwares	27.72	7.09	-	34.81	15.03	6.04	-	21.07	13.74	12.69
<b>Total</b>	<b>19,751.24</b>	<b>8,124.07</b>	<b>78.99</b>	<b>27,796.32</b>	<b>9,200.74</b>	<b>951.61</b>	<b>58.34</b>	<b>10,094.01</b>	<b>17,702.31</b>	<b>10,550.50</b>
<b>Capital work in Progress #</b>	<b>3,323.06</b>	<b>15,582.83</b>	<b>431.88</b>	<b>18,474.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,474.01</b>	<b>3323.06</b>
<b>Grand total</b>	<b>23,074.30</b>	<b>23,706.90</b>	<b>510.87</b>	<b>46,270.33</b>	<b>9,200.74</b>	<b>951.61</b>	<b>58.34</b>	<b>10,094.01</b>	<b>36,176.32</b>	<b>13,873.56</b>
<b>Previous year</b>	<b>18,409.36</b>	<b>5,650.91</b>	<b>26.70</b>	<b>24,033.57</b>	<b>8,285.12</b>	<b>920.08</b>	<b>4.47</b>	<b>9,200.73</b>	<b>14,832.84</b>	<b>10,124.24</b>

\* Included vehicle taken on hire purchase amounting to Rs.189.85 lacs (previous year Rs. 65.10 lacs)

# Additions to buildings and plant & machinery include pre-operative expenses and interest during construction of Rs. 604.65 lacs (previous year nil and capital work in progress Rs. 2,523.62 lacs (previous year 280.54 lacs), for details refer note 39.

**Note:**

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, the Company has 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 have been 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 for its project at Dahej, Gujarat and modernization scheme at its existing unit at Dadra. Accordingly, exchange difference amounting to Rs.1,305.77 lacs arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost has been added to the cost of qualifying asset / capital work in progress pending capitalization. Further, exchange difference of Rs.7.58 lacs for the period after capitalization in respect of the assets capitalized during the year has been added to the cost of respective assets.


**14. Non-current investments**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
<b>Investment in equity of subsidiaries</b>		
<b>Non-Trade</b>		
<b>Unquoted</b>		
7600 (Previous year - nil)		
Equity shares of Rs.10/- each fully paid-up in Filatex Synthetics (P) Ltd.	0.76	-
<b>Aggregate amount of unquoted investments</b>	<b>0.76</b>	<b>-</b>
<b>Quoted</b>		
Investment in equity instruments		
5 (Previous year - 5) equity shares of '10/- each fully paid-up in Tata Coffee Ltd.	0.03	0.03
4600 (Previous year - 4600) equity shares of '10/- each fully paid-up in BSI Industries Ltd.	4.90	4.90
5000 (Previous year - 5000) equity shares of '10/- each fully paid-up in Cavalet India Ltd.	1.79	1.79
4500 (Previous year - 4500) equity shares of '10/- each fully paid-up in Montana International Ltd.	1.17	1.17
Less : Aggregate provision for diminution in the value of quoted investments	(7.88)	(7.88)
<b>Aggregate amount of quoted investments</b>	<b>0.01</b>	<b>0.01</b>
<b>Total non-current investments</b>	<b>0.77</b>	<b>0.01</b>

**15. Long term loans & advances**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Capital Advances	357.07	959.28
Balance with excise/sales tax departments	4.45	4.45
Advance income tax		
- Income tax paid	406.23	
- Income tax provision	<u>394.60</u>	28.75
Income Tax recoverable	82.58	52.19
<b>Total long term loans &amp; advances</b>	<b>455.73</b>	<b>1,044.67</b>

**16. Other non - current assets**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Long term trade receivables	4.30	3.00
Security Deposits	104.41	81.36
Fixed Deposits (Refer note no. 19)	0.25	0.25
Prepaid expenses	8.62	3.99
Others	14.03	11.54
<b>Total other non - current assets</b>	<b>131.61</b>	<b>100.14</b>




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

	As at March 31, 2012	As at March 31, 2011
Raw Materials (including stock in transit Rs.532.43 lacs (Previous year - Rs.4.06 lacs)	2,164.03	2,686.47
Work In Progress	248.68	174.86
Finished Goods	2,083.62	1,969.67
Stores ,Spares & Consumables	256.14	269.66
<b>Total inventories</b>	<b>4,752.47</b>	<b>5,100.66</b>

**18. Trade receivables**
**(Rs. in Lacs)**

	As at March 31, 2012	As at March 31, 2011
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, Considered Good*	128.05	2.19
<b>Other Receivables</b>		
Unsecured, Considered Good	2,535.08	2,698.25
<b>Total Receivables</b>	<b>2,663.13</b>	<b>2,700.44</b>

\* Includes Rs.121.42 lacs receivable from customers against VAT.

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

	As at March 31, 2012	As at March 31, 2011
<b>Cash and cash equivalents</b>		
Cash on hand	24.97	15.96
Balances with Banks :-		
Current accounts	305.76	23.68
Unpaid dividend a/c*	3.54	0.90
Deposits with original maturity of less than 3 months	-	-
<b>Other Bank balances :-</b>		
Deposits with original maturity for more than 3 months but less than 12 months	230.67	737.01
(pledged as margin money)	230.67	737.01
Less : Amount disclosed under non current assets	0.25	0.25
	230.42	736.76
<b>Total cash &amp; cash equivalents</b>	<b>564.69</b>	<b>777.30</b>

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

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

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Advance to suppliers	56.53	392.83
Advance to Filatex Synthetics (P) Ltd. (a subsidiary company)	4.01	-
Balance with Excise Department	445.73	477.54
VAT Recoverable	126.46	29.49
DEPB licences in hand	99.99	-
Prepaid expenses	201.02	68.78
Capital Issue Expenses	-	2.00
Loans to employees	32.20	25.40
<b>Total short term loans &amp; advances</b>	<b>965.94</b>	<b>996.04</b>




**21. Other current assets**

	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Duty draw back receivable	40.59	49.55
Insurance claims receivable	7.34	8.05
Interest Receivable	10.16	15.49
<b>Total other current assets</b>	<b>58.09</b>	<b>73.09</b>

**22. Revenue from operations**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of products	51,597.70	53,625.07
Sale of traded goods	245.95	-
Other operating revenue	90.42	85.05
<b>Revenue from operations (gross)</b>	<b>51,934.07</b>	<b>53,710.12</b>
Less : Excise Duty	4,593.71	5,068.41
<b>Revenue from operations (net)</b>	<b>47,340.36</b>	<b>48,641.71</b>

Excise duty on sales amounting to Rs.4,593.71 lacs (previous year - Rs.5,068.41 lacs) has been reduced from sales in statement of profit & loss and excise duty on increase/decrease in stock amounting to 54.10 lacs (previous year - Rs.55.34 lacs) has been considered as (income)/expenses in Note 25 of financial statements.

**Other operating revenue comprising the following :**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>Other operating revenue</b>		
Sales of scrap	41.09	35.62
Export incentives earned	49.33	49.43
	<b>90.42</b>	<b>85.05</b>

**Sale of products**

	(Rs. in Lacs)			
	For the year ended March 31,2012		For the year ended March 31,2011	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester, nylon & polypropylene monofilament yarn	1,376	2,368.58	1,629	2,028.71
Polyester monofilament yarn (Job work)	323	87.93	83	20.91
Polyester & polypropylene monofilament yarn	45,651	47,769.48	55,447	50,188.55
Narrow fabrics	1,063	1,264.93	1,180	1,287.60
Waste		106.78		99.30
		<b>51,597.70</b>		<b>53,625.07</b>
<b>Sale of traded goods</b>				
Polyester chips	317	172.15	-	-
Waste	156	73.80	-	-
		<b>245.95</b>		<b>-</b>


**23. Other income**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>Interest Income on</b>		
(i) Fixed deposits	13.76	9.55
(ii) Others	74.88	79.05
Liabilities/credit balances written back	12.76	-
Insurance claim received	2.97	2.46
Dividend on investment in mutual funds	15.68	-
Exchange difference to the extent considered as an adjustment to borrowing costs	-	26.37
	<b>120.05</b>	<b>117.43</b>

**24. Cost of materials consumed**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Raw material		
Inventory at the beginning of the year	2,575.57	915.00
Add : Purchases	36,251.43	40,405.25
	38,827.00	41,320.25
Less : Inventory at the end of the year	1,443.94	2,575.57
Raw material consumed	37,383.06	38,744.68
Consumables	197.21	158.04
Packing Material	1,291.08	1,577.41
<b>Cost of materials consumed</b>	<b>38,871.35</b>	<b>40,480.13</b>

**Cost of Traded goods**

	(Rs. in Lacs)			
	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester Chips	317	154.23	-	-
Waste	156	39.00	-	-
	-	<b>193.23</b>	-	-

**Details of raw material consumed**

	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester chips	39,823	28,729.66	51,843	31,709.93
Polypropylene chips	8,003	6,311.73	7,420	5,206.12
Nylon chips	300	629.47	179	248.04
Others	-	1,712.20	-	1,580.59
<b>Total</b>		<b>37,383.06</b>		<b>38,744.68</b>

**Inventory of raw materials**

	As at March 31, 2012		As at March 31, 2011	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester chips	1054	785.02	2,693	1,965.95
Nylon chips	79	156.20	41	66.07
Polypropylene chips	239	202.65	354	292.22
Others	-	300.07	-	251.33
		<b>1,443.94</b>		<b>2,575.57</b>


**25. Increase/(decrease) in inventories**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Closing stock		
- Finished goods	2,029.52	1,914.32
- Work- In- Progress	248.68	174.86
- Increase/(Decrease) in Excise duty on Stocks	<b>2,278.20</b>	<b>2,089.18</b>
Opening stock		
- Finished goods	1,914.32	1,198.47
- Work- In- Progress	174.86	231.82
	<b>2,089.18</b>	<b>1,430.29</b>
- Increase/(Decrease) in excise duty on Stocks	54.09	55.34
- Total increase/(decrease)	<b>243.11</b>	<b>714.23</b>

**Inventory of finished goods**

	As at March 31, 2012		As at March 31, 2011	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester, nylon & polypropylene				
Monofilament yarn	62	86.16	73	84.23
Multifilament yarn	1,890	1,713.31	1,810	1,526.60
Narrow fabrics	217	221.67	375	292.64
Waste		8.38		10.85
		<b>2,029.52</b>		<b>1,914.32</b>

**Inventory of work in progress**

	As at March 31, 2012		As at March 31, 2011	
	Qty (MT)	Value(Rs/lacs)	Qty (MT)	Value(Rs/lacs)
Polyester, nylon & polypropylene				
Monofilament yarn	62	75.04	11	14.32
Multifilament yarn	117	113.10	122	108.14
Narrow fabrics	51	60.54	64	52.40
		<b>248.68</b>		<b>174.86</b>

**26. Employee benefit expense**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, wages and bonus	1,326.91	1,020.53
Contribution to provident & other funds	46.50	39.08
Gratuity	25.75	33.02
Staff welfare expenses	41.75	59.40
	<b>1,440.91</b>	<b>1,152.03</b>


**27. Finance Cost**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>Interest</b>		
- on term loans	94.59	133.34
- on working capital & others	196.61	226.28
Bank Charges	83.50	91.06
Exchange difference to the extent considered as an adjustment to borrowing costs	29.20	-
Premium on forward contracts	75.01	90.44
	<b>478.91</b>	<b>541.12</b>

**28. Other expenditure**

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>Manufacturing Expenses</b>		
Consumption of stores and spares	475.87	520.24
Power & Fuel	2,447.30	2,202.18
<b>Total manufacturing Expenses (A)</b>	<b>2,923.17</b>	<b>2,722.42</b>
<b>Selling Expenses</b>		
Market Development Expenses	18.22	7.52
Bad Debts written off	-	93.23
Provision for doubtful debts written back	-	(93.23)
Freight outward	116.94	108.35
Commission on sales	164.30	166.78
<b>Total selling expenses (B)</b>	<b>299.46</b>	<b>282.65</b>
<b>Administration and other expenses</b>		
Rent	102.51	71.56
Repair & Maintenance - Machinery	100.00	144.09
- Building	44.60	35.43
- Others	59.93	41.23
Insurance	45.62	50.20
Rates & taxes excluding taxes on income	6.13	5.93
Auditor's remuneration	6.05	4.24
Exchange variation	(21.81)	(22.62)
Electricity expenses	23.09	16.51
Printing & stationery	14.92	12.48
Postage, telephone & telegram	28.63	30.99
Travelling & conveyance	100.17	85.41
Vehicle running & maintenance	34.63	27.79
Legal & professional charges	26.26	19.29
Director's sitting fees	1.08	0.95
Security services	5.76	14.70
General expenses	9.85	9.24
Miscellaneous expenditure written off	2.00	2.00
Donation & charity	0.62	0.51
Freight & cartage (others)	1.91	-
Advertisement & publicity	10.18	12.62
Interest on income tax	-	1.19
Membership & subscription	4.72	6.81
Loss/(profit) on sale of fixed assets	(5.84)	2.35
<b>Total administrative &amp; other expenses (C)</b>	<b>601.01</b>	<b>572.90</b>
<b>Total other expenses (A + B + C)</b>	<b>3,823.64</b>	<b>3,577.97</b>


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

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit/(loss) for calculation of basic/diluted EPS	1,370.10	1,901.14
Weighted average number of equity shares for calculating basic & diluted EPS		
- Basic	22144804	17141397
- Diluted	22144804	17448284
Basic - in Rs. per share of the face value of Rs. 10/- each	6.19	11.09
Diluted - in Rs. per share of the face value of Rs. 10/- each	6.19	8.99

**30. Contingent liabilities and Commitments (to the extent not provided for)**
**i) Contingent Liabilities**
**(Rs. In lacs)**

PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Letters of Credit	384.77	9,593.03
b) Unexpired Bank Guarantees	234.87	353.86
c) Excise / Customs (Mainly relating to reversal of cenvat credit of NCCD & valuation of texturised yarns).	1,426.61	809.50
d) Sales Tax demand (Emerging from rejection of consignment sales due to different interpretation)	18.48	18.48
e) Income Tax demand on account of :		
- Additions for the period AY 2001-02 to 2005-06	33.37	33.37
- Penalty for the period AY 2001-02 to 2005-06	33.37	33.37
- Additions for AY 2008-09	2.20	2.20
f) Claims against the company not acknowledged as debts	55.87	55.87

**ii) Commitments**

- The company carries an export obligation of Rs.22,129.83 lacs (previous year Rs.5,192.85 lacs) under EPCG Scheme against duty free import of plant and machinery.
- Capital contracts remaining to be executed (net of payments) and not provided for - Rs.765.37 lacs (previous year Rs.2,510.43 lacs).

**31.** The Company's project for Polyester Poly-Condensation cum POY at GIDC Dahej, Gujarat has been partly commissioned and production of POY has started on 20th March, 2012 and accordingly pre-operative expenses related to plant & machinery and buildings put to use, have been capitalized.

**32.** The Company has received an amount of Rs.3,029.30 lacs towards issuance of fresh Equity and conversion of Warrants and the same has been utilized towards part financing of acquisition of land, construction of building, procurement of plant & machinery for the project of Polyester Poly-Condensation cum POY.

**33. Statutory Auditor's Remuneration**
**(Rs. in lacs)**

Particular	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Audit fees	5.52	3.64
b) Tax audit fees	1.10	0.77
c) Out of pocket expenses	0.05	0.24
	<u>6.67</u>	<u>4.65</u>



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

Description	For the year ended March 31, 2012	For the year ended March 31, 2011
Principal amount outstanding at the end of the year	7.62	0.80
Interest paid during the year	-	-
Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	-	-
Interest remaining accrued and unpaid at the end of the year	-	-
Interest due of the previous year	-	-

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

36. Derivative Instruments and Unhedged Foreign Currency Exposure:

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

Particulars of Derivatives	Currency	For the year ended March 31, 2012	For the year ended March 31, 2011	Purpose
Purchase	USD	5035729	2329735	Repayment of Loan
Purchase	USD	1355292	539646	Repayment of Buyer's Credit
Purchase	USD	-	592500	Repayment of Acceptance
Purchase	USD	12280	48706	Interest on Buyer's Credit

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

Particulars	Currency	Amount in Foreign Currency	
		March 31, 2012	March 31, 2011
Import Creditors	US\$	872555	5238232
	Euro	14946	-
	CHF	15300	-
Buyers Credit	US\$	23063597	3577650
	Euro	2878407	-
Export Debtors	US\$	432911	25738
	Euro	3684	-

- iii) Premium for forward contracts for unexpired period of Rs.82.59 lacs has been carried over to next year (Previous year Rs.20.52 lacs) and will be charged to Profit & Loss Account as and when the underlying transaction will mature.

### 37. Subsidiary and consolidation of financial statement.

The Company namely 'Filatex Synthetics Private Limited' was incorporated on 9th March, 2012 as its subsidiary Company and no transaction / business has taken place during the financial year 2011-12. Therefore, the subsidiary's financial statement has not been prepared and consolidated with the annual accounts of the Company.

### 38. Related Party Disclosure:

- (i) Names of related parties and nature of relationships:

- Key managerial personnel:
  - Shri Madhu Sudhan Bhageria
  - Shri Purshottam Bhageria
  - Shri Madhav Bhageria
- Relative of key managerial personnel:
  - Shri Ram Avtar Bhageria (Father of related parties mentioned at (a) above.
  - Smt. Satyabhama Bhageria (Mother of related parties mentioned at (a) above.
- Subsidiary Company:
  - Filatex Synthetics (P) Ltd.
- Enterprises owned or significantly influenced by key managerial personnel:
  - M/s Ram Avtar Bhageria (HUF)
  - M/s Madhu Sudhan Bhageria (HUF)
  - M/s Purshottam Bhageria (HUF)



- M/s Madhav Bhageria (HUF)
- M/s Nouvelle Securities Pvt Ltd
- M/s SMC Yarns Pvt Ltd
- M/s Azimuth Investments Ltd

(ii) Transactions with related parties during the year :

(Rs. in lacs)

Nature of Transactions	Key Management Personnel	Relative of key managerial personnel	Subsidiary Company	Enterprises owned or significantly influenced by key managerial personnel.
Rent	5.62 (5.62)	18.00 (4.20)	- (-)	18.65 (14.16)
Money received against convertible warrants	75.75 (196.95)	- (-)	- (-)	204.25 (323.05)
Equity shares issued	- (-)	- (-)	- (-)	1600.00 (-)
Investments	- (-)	- (-)	0.76 (-)	- (-)
Loans taken	- (-)	- (-)	- (-)	355.00 (-)
Loans repaid / given	- (-)	- (-)	4.06 (-)	355.00 (-)
Interest paid	- (-)	- (-)	- (-)	1.00 (-)
Balance outstanding as on 31/03/12				
Investment	- (-)	- (-)	0.76 (-)	- (-)
Loan repaid / given	- (-)	- (-)	4.01 (-)	- (-)
Managerial remuneration payable	146.95 (156.49)	- (-)	- (-)	- (-)
Guarantees given against loan(s) taken	Refer note 5			

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

39. Details of Pre-Operative expenses incurred related to Poly Project, Dahej and Gas Plant Project, Dadra, referred in Note 13 of the balance sheet are as under:

(Rs. in Lacs)

Description	Up to 31.03.2011	Incurred during 2011-12	Capitalised during 2011-12	Balance as on 31.03.2012
Payment & Benefits to Employees	41.36	257.53	70.16	228.73
Bank Charges	117.42	237.61	34.33	320.70
Legal & Professional Expenses	25.44	46.59	17.02	55.01
Travelling & Conveyance Expenses	37.03	30.32	15.81	51.54
Interest	55.51	667.10	169.30	553.31
Administrative expenses	18.74	177.27	43.28	152.73
Exchange fluctuation	-	1,445.46	254.75	1,190.71
Total	295.50	2,861.88	604.65	2,552.73
Less: Interest received on margin money deposits	14.95	14.16	-	29.11
<b>Net pre-operative expenses</b>	<b>280.55</b>	<b>2,847.72</b>	<b>604.65</b>	<b>2,523.62</b>




**40. Employee Benefits**
**a) Provident Fund**

Contribution to recognized provident fund

The Company contributed Rs.46.50 lacs (previous year Rs.39.08 lacs) towards provident fund during the year ended March 31, 2012

**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 summarize the component of net benefit expenses recognized in the profit and loss account and amount recognized in the balance sheet for gratuity.

(Rs. in lacs)

<b>PARTICULARS</b>	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
<b>RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE PRESENT VALUE OF OBLIGATIONS</b>		
Present value of obligation at the beginning of the year	109.71	88.02
Current Service Cost	20.25	16.00
Past Service Cost	–	12.84
Interest Cost	8.78	6.86
Benefits paid	(4.00)	(11.33)
Net actuarial (Gain) / Loss recognized in the year	2.22	(2.68)
Present value of obligation at the end of the year	136.96	109.71

<b>RECONCILIATION OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AND FAIR VALUE OF PLAN ASSETS :</b>		
Present value of obligation at the end of the year	136.96	109.71
Fair value of plan assets at the year end	–	–
Net Liability recognized in the Balance Sheet	136.96	109.71
<b>Cost of the year :</b>		
Current service cost	20.25	16.00
Past Service Cost	–	12.84
Interest Cost	8.78	6.86
Net actuarial (Gain) / Loss recognized in the year	2.22	(2.68)
Net cost recognized during the year	31.25	33.02
<b>Assumption :</b>		
Discount Rate	8.50%	8.00%
Rate of Increase in compensation	8.00%	8.00%
Employees age group	34	33

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



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

(Rs. in Lacs)

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

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

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Total Lease payment for the year	101.31	76.52
Minimum lease payments not later than one year	92.92	81.68
Later than one year but not later than 5 years.	48.11	51.16
Later than 5 years	—	—

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

a) Value of imported and indigenous raw materials consumed

(Rs. in Lacs)

Description	Year ended March 31, 2012	Percentage (%)	Year ended March 31, 2011	Percentage (%)
i) Raw Materials				
- Imported	4,284.20	11.48	7829.42	20.22
- Indigenous	3,3028.16	88.52	30,888.90	79.78
	<u>3,7312.36</u>	<u>100.00</u>	<u>38,718.32</u>	<u>100.00</u>
ii) Consumable/ Spares				
- Imported	54.03	8.03	106.61	15.72
- Indigenous	619.06	91.97	571.67	84.28
	<u>673.09</u>	<u>100.00</u>	<u>678.28</u>	<u>100.00</u>

b) Value of Imports on CIF Basis

(Rs. in lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i) Raw Materials	2,663.11	8,276.58
ii) Capital Goods	11,813.62	2,301.30
iii) Consumable/Spares	65.93	107.19

c) Expenditure in Foreign Currency (Payment Basis)

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i) Foreign Travel	20.33	23.43
ii) Commission	11.15	4.50
iii) Foreign Bank Charges	5.04	1.08
iv) Bank Interest	89.82	96.47
v) Interest on Buyer's Credit	279.80	6.38


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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
FOB Value of Export of Goods (excluding deemed exports)	1,160.20	792.40

**e) Net dividend paid to Non-Resident (NRI) shareholders for FY 2010-11**

S.No.	Description	31.03.2012	31.03.2011
i)	Number of NRI shareholders (in absolute numbers)	22	—
ii)	Number of equity shares held on which dividend paid	8597	—
iii)	Dividend paid by depositing in their NRE/NRO A/c in Indian Rupees (Rs.in lacs)	0.09	—

**43.** Figures have been rounded off to rupees in lacs.

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

for and on behalf of the Board of Director  
**FILATEX INDIA LIMITED**

**VIRENDRA KUMAR**  
Partner  
Membership No. 85380

**RAMAN KUMAR JHA**  
Company Secretary

**R P GUPTA**  
Chief Financial Officer

**MADHU SUDHAN BHAGERIA**  
Vice Chairman & Managing Director  
**PURRSHOTTAM BHAGGERIA**  
Joint Managing Director  
**S C PARIJA**, Director  
**S P SETIA**, Director  
**B B TANDON**, Director  
**VIBHU BAKHRU**, Director

Place : New Delhi  
Date : May 29, 2012



## ADMISSION SLIP



### FILATEX INDIA LIMITED

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

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

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

I hereby record my presence at the Twenty Second Annual General Meeting of the Company held on Thursday, 27<sup>th</sup> September, 2012 at 9.30 A.M. at Survey No. 274, Demni Road, Dadra (U.T. of Dadra & Nagar Haveli) 396 191.

Signature of the Member/Proxy :
---------------------------------

Note: Jointholder(s) intending to attend the meeting are requested to obtain additional Admission slip from the Registered Office of the Company on or before 25<sup>th</sup> September, 2012 to avoid inconvenience.

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

## PROXY FORM



### FILATEX INDIA LIMITED

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

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

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Thursday, 27<sup>th</sup> September, 2012 at 9.30 A.M. at Survey No. 274, Demni Road, Dadra (U.T. of Dadra & Nagar Haveli) 396 191 and at any adjournment thereof.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
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Note: Proxy Form must reach the Company's Registered Office not less than 48 hours before the scheduled time of the Meeting.

## BOOK POST

*If, undelivered, please return to:*

### **FILATEX INDIA LIMITED**

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43 Community Centre,  
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