



FILATEX INDIA LIMITED

(AN ISO 9002 COMPANY)

14th ANNUAL REPORT
2003-2004

BOARD OF DIRECTORS

Mr. Ram Avtar Bhageria
Chairman

Mr. Madhu Sudhan Bhageria
Vice Chairman & Managing Director

Mr. Purushotam Bhageria
Joint Managing Director

Mr. Madhav Bhageria
Joint Managing Director

Mr. Inderpal S. Kalra
IDBI Nominee

Mr. S. C. Parija

Mr. S. P. Setia

COMPANY SECRETARY

Mr. Sanjeev Gupta

BANKERS

Oriental Bank of Commerce.

Punjab National Bank

Union Bank of India

AUDITORS

Amod Agrawal & Associates,
D-58, East of Kailash,
New Delhi- 110 065

REGISTERED OFFICE

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

CORPORATE OFFICE

42, Community Centre,
New Friends Colony,
New Delhi - 110 065

WORKS

1. A-2, Extension,
Phase - II (Noida)
Distt. Gautam Budh Nagar- 201 304 (U. P.)
2. S.No. 274, Demni Road,
Dadra - 396 191
(U.T. of Dadra & Nagar Haveli)
3. Pazhavor Village, Tirunelveli,
Kathabomman District,
Tamil Nadu

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**NOTICE**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of FILATEX INDIA LIMITED will be held as scheduled below:

DAY : SATURDAY
DATE : 25TH SEPTEMBER, 2004
TIME : 9.30 A.M.
PLACE : SURVEY NO.274, DEMNI ROAD, DADRA
(U.T. OF DADRA & NAGAR HAVELI) 396 191.

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on March 31, 2004 and the Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Preference Shares.
3. To appoint a Director in place of Mr. Ram Avtar Bhageria, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

By Order of the Board of Directors
For FILATEX INDIA LIMITED

PLACE : NEW DELHI
DATE : 29.07.2004

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SANJEEV GUPTA
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 NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 16th September, 2004 to 25th September, 2004 (both days inclusive).
3. Members/Proxy holders are requested to produce at the entrance the enclosed Admission Slip duly completed and signed for admission to the meeting hall.
4. Shareholders seeking any information with regard to Accounts are requested to write to the Company atleast ten days in advance so as to enable the Company to keep the information ready.

FILATEX INDIA LIMITED**DIRECTORS REPORT**

Your Directors have pleasure in presenting the Fourteenth Annual Report alongwith the Audited Accounts for the year ended March 31, 2004.

FINANCIAL RESULTS

Particulars	2003-2004	2002-2003
	(Rs. in lacs)	
Sales/Income from Operations	20975	18297
Gross Profit before Interest, Depreciation & Taxation	2484	1948
Financial charges	684	961
Depreciation	618	574
Provision for Taxation	63	-
Net Profit	1119	413

DIVIDEND

In order to conserve the resources of the Company, your Directors regret their inability to recommend dividend on the Equity Shares for the year under review. The Board of Directors have recommended a dividend of 7.5% on Cumulative Preference Shares for the year under review.

OPERATIONS & OUTLOOK

During the year under review, your Company has recorded an improved performance in terms of Sales and Net Profit. Your Company achieved a Gross Income of Rs. 20975 lacs and Net Profit of Rs. 1119 lacs during the year under review, as against the Gross Income of Rs. 18297 lacs and Net Profit of Rs. 413 lacs in the previous year.

Your Company took up the POY spinning expansion programme to increase POY spinning capacity by approx. 11,500 MT at an estimated cost of Rs. 13.5 crores, which is in the advance stage of its completion. This will result in reduction of production cost per unit, better product mix and increased margins.

In accordance with the terms of the term loans sanctioned by the banks to part finance the expansion of POY Spinning Capacity already implemented and new expansion, your Company allotted 15,00,000 7.5% Cumulative Convertible Preference Shares of Rs.25/- each for cash at par, aggregating to Rs. 375 lacs by way of Preferential Issue to the Promoters and their associate Company. Out of the said preference shares 5,00,000 were converted into Equity Shares of Rs.10/- each at a premium of Rs.15/- per share on 31st March, 2004. Listing approval from Bombay Stock Exchange has already been obtained and listing approval from Calcutta Stock Exchange is expected shortly.

FIXED DEPOSITS

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

DIRECTORS

Since the last Annual General Meeting, IDBI has withdrawn Shri B.K. Batra and nominated Shri Inderpal S. Kalra as its nominee Director on the Board w.e.f. 13th October, 2003. The Board of Directors place on record their appreciation for the valuable guidance and support given by Shri B.K. Batra during his tenure as Director of the Company.

Mr. Ram Avtar Bhageria, Director, retires by rotation and is eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors 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 is annexed hereto as Annexure 'A' alongwith the Auditors Certificate on its compliance and Management Discussion & Analysis is annexed hereto as Annexure 'B' as part of Annual Report.

AUDITORS

M/s Amod Agrawal & Associates, Chartered Accountants, Auditors of the Company hold office upto the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment. Your Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(I-B) of the Companies Act, 1956.

STOCK EXCHANGE LISTING

The Equity Shares of your Company are listed on Bombay Stock Exchange, which has nationwide trading terminals and on Calcutta Stock Exchange. The Annual Listing Fees has been paid to the aforesaid Stock Exchanges for the year 2004-2005.

Your Company has got its Equity Shares voluntarily delisted from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd. w.e.f. 21/11/2003 & 29/12/2003 respectively in terms of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

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 as Annexure 'C'

PARTICULARS OF EMPLOYEES

There are no employees in respect of whom the particulars are required to be furnished under Section 217 (2A) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation to the devoted services of the employees at all levels who have largely contributed to the improved performance and Company's inherent strength.

Your Directors also wish to thank and gratefully acknowledge the sustained co-operation and support received by the Company from the Central and State Government Departments, Financial Institutions, Banks, Dealers, Customers, Vendors and Shareholders.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 29.07.2004

MADHU SUDHAN BHAGERIA
Vice Chairman & Managing Director

RAM AVTAR BHAGERIA
Chairman

ANNEXURE 'A'

CORPORATE GOVERNANCE REPORT

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

1. Company's Philosophy on Code of Governance

Your Company is fully committed to conduct its business with due compliance of 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 believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors

In compliance with the corporate governance requirements, presently the Board of Directors is headed by non-executive chairman and consist total 7 members comprising of 4 non-executive Directors and out of which 3 are independent Directors representing the optimum mix of professionalism, knowledge and experience in their respective fields.

FILATEX INDIA LIMITED

Details of Directors being re-appointed at the ensuing Annual General Meeting are given at the end of this Report.

i) Present structure of Board of Directors

Sl.No.	Name	Designation	Category of Director
1.	Shri Ram Avtar Bhageria	Chairman	Non-Executive Director
2.	Shri Madhu Sudhan Bhageria	Vice Chairman & Managing Director	Executive Director & Promoter
3.	Shri Purushotam Bhageria	Joint Managing Director	Executive Director & Promoter
4.	Shri Madhav Bhageria	Joint Managing Director	Executive Director & Promoter
5.	Shri Inderpal S. Kalra	Nominee Director (IDBI)	Non-Executive & Independent Director
6.	Shri S.C. Parija	Director	Non-Executive & Independent Director
7.	Shri S.P. Setia	Director	Non-Executive & Independent Director

ii) Board Meetings

During the year 2003-2004, the Board met 7 times on the following dates, namely, 26th June, 2003, 30th July, 2003 (2 meetings), 19th November, 2003, 6th January, 2004, 30th January, 2004 and 29th March, 2004.

The Annual General Meeting was held on 27th September, 2003 and the Extra Ordinary General Meeting was held on 5th February, 2004.

The following table gives details of Directors, attendance of Directors at the Board meetings and at the last Annual General Meeting, Extra Ordinary General Meeting, number of membership held by Directors in the Board / Committees of various Companies: -

S. No.	Name	Category of Director	No. of Board Meetings held during their respective tenure	No. of Board Meetings attended	No. of Other Directorships *	Committee Memberships *	Committee Chairmanships *	Attendance in AGM	Attendance in EGM
1.	Mr. Ram Avtar Bhageria, Chairman	Non-Executive Director	7	7	2	1	-	No	No
2.	Mr. Madhu Sudhan Bhageria Vice Chairman & Managing Director *a	Executive Director & Promoter	6	6	1	-	-	Yes	Yes
3.	Mr. Purushotam Bhageria, Joint Managing Director *a	Executive Director & Promoter	6	5	5	1	-	No	No
4.	Mr. Madhav Bhageria Joint Managing Director *a	Executive Director & Promoter	6	None	1	-	-	Yes	Yes
5.	Mr. S.P. Setia *a	Non-Executive & Independent Director	6	2	2	3	2	Yes	Yes
6.	Mr. S.C. Parija *a	Non-Executive & Independent Director	6	6	-	3	1	No	No
7.	Mr. Inderpal S. Kalra *b	Non-Executive & Independent Director	4	3	2	1	-	N.A.	No
8.	Mr. B.K. Batra *c	Non-Executive & Independent Director	3	3	3	2	-	No	N.A.
9.	Mr. R.P. Gupta *d	Non-Executive & Independent Director	3	3	-	2	-	N.A.	N.A.

* As on 31.03.2004

*a Appointed as Director w.e.f. 30-07-2003

*b Appointed as Nominee Director on behalf of IDBI w.e.f. 13-10-2003.

*c Withdrawn by IDBI from the Board of Directors w.e.f. 13-10-2003

*d Resigned from the Board of Directors w.e.f. 30-07-2003



3. Audit Committee

The Company has an Audit Committee comprising of 4 Directors namely, Shri S.P. Setia, Shri Inderpal S. Kalra, Shri S.C. Parija, independent Directors and Shri Ram Avtar Bhageria. Shri S.P. Setia is the Chairman of the Committee. The Composition of the Audit Committee is in accordance with the provisions of Corporate Governance. However, upto 30th July, 2003, the Company could not comply with the provisions of composition of Audit Committee in view of the applicability of provisions of Section 274 (1) (g) of the Companies Act, 1956. Terms of reference of the Audit Committee are as per the 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 etc. The Company Secretary of the Company acts as the Secretary of the Committee. Internal audit reports were prepared by an external firm of Chartered Accountants and covered all aspects including production, sales, stores, consumables, etc. This ensures a constant review of operations and systems and highlights the areas which needs improvement. This report forms the basis of management functions, decisions and follow up.

During the year 2003-04 the Committee met 4 times. The attendance at the meetings are as under: -

Date of Meeting	No. of Members present
26-06-2003	3
30-07-2003	3
19-11-2003	3
30-01-2004	4

In addition to the Committee members, the Managing/Joint Managing / Wholtime Directors, President (F & A), Internal Auditors and Statutory Auditors were also present at the meetings to answer the queries raised by the Committee members.

4. Details of Remuneration paid to the Directors during the Financial Year ended 31st March, 2004.

S. No.	Name of Directors	Salary & Allowances # (Rs.)	Commission @ (Rs.)	Contribution to PF/ other funds (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
1.	Mr. Ram Avtar Bhageria	-	-	-	-	11000	11000
2.	**Mr. Madhu Sudhan Bhageria(a)	483870	457000	6240	88955	-	1036065
3.	**Mr. Purushotam Bhageria (a)	403226	457000	6240	78530	-	944996
4.	**Mr. Madhav Bhageria (a)	403226	457000	6240	78530	-	944996
5.	Mr. S.P. Setia (a)	-	-	-	-	3000	3000
6.	Mr. S.C. Parija (a)	-	-	-	-	10000	10000
7.	Mr. Inderpal S. Kalra (b)	-	-	-	-	*5000	5000
8.	Mr. B.K. Batra (c)	-	-	-	-	*6000	6000
9.	Mr. R.P. Gupta (d)	135758	-	3120	-	-	138878

(#) Figures in the column pertain to the period for which the aforesaid persons were Directors of the Company.

(*) Sitting fees in respect of Mr. Inderpal S. Kalra and Mr. B.K. Batra is paid to IDBI, the Institution they represent as nominee Directors.

(**) Appointed as Managing/Whole Time Directors on contractual basis w.e.f. 30-07-2003 for a period of 5 years.

@ Commission @ 1% of Net Profit.

(a) Appointed as Directors w.e.f. 30-07-2003.

(b) Appointed as Nominee Director on behalf of IDBI w.e.f. 13-10-2003.

(c) Withdrawn by IDBI from the Board of Directors w.e.f. 13-10-2003.

(d) Resigned from the Board of Directors w.e.f. 30-07-2003.

FILATEX INDIA LIMITED**5. Shareholders'/Investors' Grievances Committee**

The Company has a Shareholders'/Investors' Grievances Committee comprising of Shri S.P. Setia, Shri S.C. Parija and Shri Purushotam Bhageria. Shri. S.P. Setia is the Chairman of the Committee. The said Committee has been constituted to approve the transfer/transmission of shares, split/consolidation/transposition of shares, issue of duplicate share certificates, review of shares dematerialised, monitor expeditious redressal of shareholders'/investors' grievances and all other matters related to shares. The Company attends to investors' grievances/correspondence expeditiously and all efforts are made to reply immediately. Mr. Sanjeev Gupta, Company Secretary is the Compliance Officer.

During the year ended 31st March, 2004, 15 investors' complaints/queries were received which were replied / resolved to the satisfaction of the investors and as on 31st March, 2004 there were no complaints / queries pending reply. There were no share transfers pending for registration for more than 30 days as on 31st March, 2004. As on 31st March, 2004 Nine requests for transfer of shares were pending for approval, which were approved and dealt with by 5th April, 2004.

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. The Board has designated Mr. Sanjeev Gupta, Company Secretary as the Compliance Officer.

6. Board Procedure

The members of the Board have been provided with the requisite information mentioned in the listing agreement before the Board Meetings. The Directors actively participate in the deliberations of the Board.

All the Directors who are on various committees are within the permissible limits of the listing agreement. The Directors have intimated from time to time about their membership in the various Committees in other Companies.

7. General Body Meetings

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

Year	Location	Date	Time	No. of Special Resolutions passed
2000-2001	Survey No.274, Demni Road Dadra - 396 191 (U.T. of Dadra & Nagar Haveli)	29-09-2001	09.30 A.M.	-
2001-2002	Same as above	28-09-2002	09.30 A.M.	-
2002-2003	Same as above	27-09-2003	09.30 A.M.	5

The Company also held an Extra Ordinary General Meeting on 5th February, 2004 at 9.30 A.M. at S.No.274, Demni Road, Dadra 396191 (U.T. of Dadra & Nagar Haveli)

None of the Special Resolutions passed at the said meetings were required to be put through postal ballot.

8. Disclosures

- (i) There are no materially significant transactions with related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest.
- (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.

9. Means of Communication

The Company is not sending half-yearly report to the shareholders. The Company publishes its quarterly/half yearly/ annual results in The Indian Express, Sandesh/Gujrat Samachar circulating in Dadra & Nagar Haveli. The same together with any other significant development is submitted to the Stock Exchange. All official news releases are sent to the Stock Exchanges for display on their web sites. The Financial Results, specified documents/statements are being displayed on SEBI website viz. sebidifar.nic.in in compliance with the provisions of clause 51 of the Listing Agreement. The Company has not made any presentation to institutional investors or to analysts. Management Discussion and Analysis forms part of the Annual Report which is posted to the shareholders of the Company.



10. General Shareholder Information

10.1 Annual General Meeting:

- Date and Time : 25th September, 2004 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	30-06-2004	29th July, 2004
Results for the quarter ending	30-09-2004	before end of October, 2004
Results for the quarter ending	31-12-2004	before end of January, 2005
Results for the quarter/year ending	31-03-2005	before end of April/June, 2005

10.3 Book Closure date : 16th September, 2004 to 25th September, 2004 (both days inclusive)

10.4 Dividend Payment Date : Before 24th October, 2004 to the Preference Shareholders.

10.5 Listing of Equity Shares on Stock Exchanges at : Mumbai and Kolkata. Annual Listing fees for the year 2004-05 have been duly paid to aforesaid Stock Exchanges.

10.6 Stock Code

(a) Trading Symbol at : The Stock Exchange, Mumbai 526227
The Calcutta Stock Exchange Association Ltd. 10016023

(b) ISIN allotted to Equity Shares : INE816B01019

10.7 Stock Market Data:

Monthly High & Low of the equity shares of the Company for the year 2003-2004 based upon Bombay Stock Exchange Price data and Performance in comparison to BSE Sensex.

	(Rs.)		
	Month's High Price	Month's Low Price	BSE Sensex
April, 2003	5.00	3.90	2960
May, 2003	6.05	4.30	3181
June, 2003	8.19	5.14	3607
July, 2003	11.36	7.87	3793
August, 2003	12.50	8.82	4245
September, 2003	14.46	12.12	4453
October, 2003	16.77	13.25	4907
November, 2003	25.25	15.40	5045
December, 2003	26.50	21.50	5839
January, 2004	28.30	24.80	5696
February, 2004	25.00	23.20	5668
March, 2004	24.05	20.75	5591

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 at one single point whose details are given below: -

M/s MCS Limited
Sri Venkatesh Bhavan
W-40, Okhla Industrial Area
Phase-II, New Delhi - 110020
Tel: 011-26384909
Fax: 011-26384907
Email: mcsdel@vsnl.com

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