



FILATEX INDIA LIMITED

(AN ISO 9001 : 2000 COMPANY)

**19TH ANNUAL REPORT
2008-2009**

BOARD OF DIRECTORS

Ram Avtar Bhageria
Chairman

Madhu Sudhan Bhageria
Vice Chairman & Managing Director

Purshottam Bhaggeria
Joint Managing Director

Madhav Bhageria
Joint Managing Director

B.B. Tandon

S.C. Parija

S.P. Setia

Vibhu Bakhru

COMPANY SECRETARY

Sanjeev Gupta

BANKERS

Union Bank of India
Punjab National Bank
Oriental Bank of Commerce

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

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

WORKS

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

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

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NOTICE

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

DAY : FRIDAY
DATE : 25TH SEPTEMBER, 2009
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(es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at March 31, 2009 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 appoint a Director in place of Shri S.P.Setia, who retires by rotation, and being eligible, offers himself for re-appointment.
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 Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri Vibhu Bakhru who was appointed as an Additional Director of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director be and is hereby appointed as Director of the Company".

By Order of the Board of Directors
For **FILATEX INDIA LIMITED**

PLACE : NEW DELHI
DATE : 31st July, 2009

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 OF THE COMPANY 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, 2009 to 25th September, 2009 (both days inclusive).
3. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
4. 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.
5. 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.
6. 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 9.30 A.M. to 5.30 P.M. upto the date of the Meeting.

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

Item No. 5

Shri Vibhu Bakhru was co-opted as Additional Director of the Company on 30.10.2008 and holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose the candidature of Shri Vibhu Bakhru to the office of Director of the Company. The Board of Directors consider that the continuance of Shri Vibhu Bakhru on the Board will be beneficial to the Company and recommend the resolution of his appointment for your approval.

Shri Vibhu Bakhru is a Chartered Accountant and an eminent legal expert. Shri Vibhu Bakhru is presently Director of Hindustan Everest Tools Limited & FACOR Steel Limited.

None of the Directors of the Company except Shri Vibhu Bakhru is concerned or interested in this resolution.

By Order of the Board of Directors
For **FILATEX INDIA LIMITED**

PLACE : NEW DELHI
DATE : 31st July, 2009

SANJEEV GUPTA
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 Nineteenth Annual Report along with the Audited Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS:

Particulars	2008-2009	(Rs. in Lacs)	2007-2008
Sales/Income from Operations	38428		37659
Gross Profit before Financial Charges, Depreciation & Taxation	2812		2674
Financial charges	619		622
Depreciation	790		757
Profit before exceptional items, prior period expenses and tax	1403		1295
Exceptional items			
- Interest waiver for previous period	-	5	
- Profit on sale of Wind Mill unit	122	-	
- Expenses on repairs due to fire	(4)	-	5
Prior period adjustments	-		3
Profit before tax	1521		1297
Provision for Taxation-			
- Current MAT	171		146
- Deferred	853		251
- Fringe Benefit	10		9
- MAT Credit Entitlement	(171)		(161)
Net Profit	658		1052
Balance brought forward from previous year	1026		-
Profit available for appropriation	1684		1052
Transfer to Capital Redemption Reserve	1250		-
Proposed Dividend on Preference Shares inclusive of tax			
on Proposed Dividend	-		26
Balance carried forward to Balance Sheet	434		1026

DIVIDEND

In order to conserve the resources for future requirements, your Directors regret their inability to recommend dividend on Equity Shares for the year under review.

OPERATIONS & OUTLOOK

Your Directors are pleased to inform you that despite volatile crude oil prices, your Company has achieved better results, inter alia, due to effective monitoring of raw material and inventory controls and its prices, improved product mix and stringent cost control measures.

During the year under review, your Company commenced the manufacturing of Fully Drawn Yarns which has a higher value addition as compared to POY as it is directly used in manufacturing of fabrics.

During the year under review, your Company disposed of its Wind Mill Project to focus on its core business. Your Company also redeemed the outstanding Non Convertible Cumulative Redeemable Preference Shares issued to IDBI Bank Limited amounting to Rs.12.50 crore and accumulated dividend thereon.

During the current financial year, a fire broke out at the Company's Monofilament unit at Noida which resulted in disruption of operations of the Company. Expeditionary efforts were undertaken to minimize the losses and the operations were restored within a period of 5 days. The insurance claim lodged by the Company is expected to be finalized shortly.

Your Company is taking effective steps for setting up a Polyester Poly-Condensation plant together with increase in its existing POY capacity at a capital outlay of Rs. 240 crores. The said project will result in improved margins due to substantial reduction in operational costs.



FIXED DEPOSITS

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

DIRECTORS

Shri Vibhu Bakhru was co-opted as Additional Director on 30th October 2008 and holds office upto the date of the forthcoming Annual General Meeting. Requisite Notice has been received under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose Shri Vibhu Bakhru as a Director of the Company.

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

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 the Company has not been departed materially there from;
- ii. that the Directors 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 the Directors 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 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 the Annual Report.

AUDITORS & AUDITORS' REPORT

M/s Amod Agrawal & Associates, Chartered Accountants, Statutory Auditors of the Company hold office upto the conclusion of the ensuing 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(1B) of the Companies Act, 1956.

STOCK EXCHANGE LISTING

The Equity Shares of your Company are listed on Bombay & Calcutta Stock Exchanges. The Annual Listing Fees has been paid to the aforesaid Stock Exchanges for the year 2009-2010.

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

A Statement showing the particulars of employees under Section 217(2A) of the Companies Act, 1956 is annexed to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholders interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

Your Directors are pleased to place on record their sincere appreciation for the support, which the Company has received from its Bankers, Government Organizations, Dealers, Customers, Vendors, Staff and Employees. Your Directors also place on record their sincere appreciation for the confidence reposed by the Shareholders in the Company and its Management.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 31st July, 2009

RAM AVTAR BHAGERIA
Chairman



REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy on Code of 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 believes that all its operations and actions must serve the underlying goal of enhancing 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 consists of total 8 members comprising of 5 non-executive Directors and out of which 4 are Independent Directors representing the 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 Purrshottam Bhaggeria Joint Managing Director	Executive Director
4.	Shri Madhav Bhageria Joint Managing Director	Executive Director
5.	Shri B. B. Tandon Director	Non-Executive & Independent Director
6.	Shri Vibhu Bakhru* Director	Non-Executive & Independent Director
7.	Shri S.C. Parija Director	Non-Executive & Independent Director
8.	Shri S.P. Setia Director	Non-Executive & Independent Director

* Appointed as Additional Director w.e.f. October 30, 2008

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

ii) Board Meetings

During the year 2008-09, the Board met five times on 24th May, 2008, 25th June, 2008, 29th July, 2008, 30th October, 2008 & 29th January, 2009.

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



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	-	-	-	YES
2.	Shri Madhu Sudhan Bhageria	4	3	-	-	YES
3.	Shri Purshottam Bhaggeria	5	3	-	-	YES
4.	Shri Madhav Bhageria	1	1	-	-	YES
5.	Shri B. B. Tandon	4	13	6	1	NO
6.	Shri Vibhu Bakhru**	1	2	-	-	NA
7.	Shri S.P. Setia	5	2	1	1	NO
8.	Shri S.C. Parija	4	1	-	1	NO

* As on 31.03.2009. Represents Directorship & Membership/Chairmanship of Audit Committee & Shareholders Grievance Committee of the Indian Public Companies.

** Appointed as Additional Director w.e.f. October 30, 2008

iii) **Board Procedure:**

The members of the Board are 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.

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 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, 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 and the Audit Committee of the Board of Directors reviews their findings 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 2008-09 the Committee met 5 times. The attendance at the meetings is as under: -

Date of Meeting	No. of Members present
28-05-2008	3
25-06-2008	3
29-07-2008	3
30-10-2008	3
29-01-2009	5

In addition to the Committee members, Shri Madhu Sudhan Bhageria, Managing Director, Shri Purshottam Bhaggeria, Joint Managing Director, 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, 2009

(Amt. in Rs.)

S. No.	Name of Directors	Salary, Allowances & Commission	Contribution to Provident Fund	Perquisites	Sitting Fees	Total
1.	Shri Ram Avtar Bhageria	—	—	—	25000	25000
2.	Shri Madhu Sudhan Bhageria, Managing Director	3049893	9360	178355	—	3237608
3.	Shri Purrshottam Bhaggeria, Joint Managing Director	2762698	9360	560410	—	3332468
4.	Shri Madhav Bhageria, Joint Managing Director	2762698	9360	391257	—	3163315
5.	Shri Vibhu Bakhru	—	—	—	5000	5000
6.	Shri S.P. Setia	—	—	—	25000	25000
7.	Shri S.C. Parija	—	—	—	20000	20000
8.	Shri B B Tandon	—	—	—	12500	12500

The employment of Managing/Joint Managing Directors is on contractual basis. Except Shri Ram Avtar Bhageria, Non Executive Director who holds 4,62,000 Equity Shares, none of the Non Executive Directors held any Equity Shares of the Company as on 31st March, 2009. The Managing/Wholetime 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 sitting fees paid to them for attending the Board/Committee Meetings thereof. No notice period and severance fee is applicable for the Executive Directors. The Company does not pay any performance-linked incentives to its Executive Directors. The Company does not have any Stock Options Scheme.

5. Shareholders'/Investors' Grievances Committee

For effective and efficient Investor Services, the Company has a Shareholders'/Investors' Grievances Committee. The Committee comprises of Shri S.P. Setia & Shri S.C. Parija, Independent Directors and Shri Purrshottam Bhaggeria, Joint Managing Director of the Company. Shri. S.P. Setia is the Chairman of the Committee. Amongst the other functions, the Committee looks into redressal of Shareholders complaints like non-transfer of Shares, non-receipt of Balance Sheet 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. Shri Sanjeev Gupta, Company Secretary of the Company is the Compliance Officer. Based on its experience in performance of its duties, the Committee time to time suggests necessary measures for overall improvement of Investor Services.

During the year ended 31st March, 2009, 3 investors complaints /queries were received which were replied / resolved to the satisfaction of the investors and as on 31st March, 2009 there were no complaints / queries pending reply. There were no share transfers pending for registration for more than 30 days as on 31st March, 2009. As on 31st March, 2009, 2 requests for transfer of Shares were pending for approval, which were approved and dealt with on 1st April, 2009.

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 Shri Sanjeev Gupta, Company Secretary as the Compliance Officer.



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
2005-2006	Survey No.274 Demni Road, Dadra - 396 191 (U.T. of Dadra & Nagar Haveli)	30th September, 2006	09.30 A.M.	No
2006-2007	Same as above	10th September, 2007	09.30 A.M.	Yes (4 Nos.)
2007-2008	Same as above	30th September 2008	09.30 A.M.	No

Postal Ballot

During the financial year 2008-2009, the shareholders of the Company, through postal ballot process approved the following resolutions:

S.No.	Subject	Resolution	Votes for the resolution		Vote against the resolution	
			No. of Shares	%	No. of Shares	%
1.	Approval for the sale, transfer and/or disposal of the 1MW Wind Power Project	Ordinary	84,60,914	99.92	6373	0.08

M/s Siddiqui & Associates, Company Secretaries, was the Scrutinizer for the Postal Ballot Process.

The procedure set out under Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 was followed for passing the resolution through Postal Ballot. The Notice of Postal Ballot, Postal Ballot form and prepaid self addressed envelope were sent to all the Shareholders with instructions to return the duly filled up form not later than August 23, 2008. The Scrutinizer submitted his report on August 26, 2008 and the Chairman declared the results on August 27, 2008 stating that the aforesaid resolution had been duly passed with requisite majority as an Ordinary Resolution. The said result was duly published in the newspapers.

There is no item in the Notice of the forthcoming Annual General Meeting that is proposed to be passed through Postal Ballot.

7. Disclosures

- None of the transactions with any of the related party were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with the related parties set out in Notes to the Accounts - Point 15 forming part of the Annual Report.
- No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are adopted have been set out in the Notes to the Accounts forming part of the Annual Report.
- The Company has not adopted a Whistle Blower Policy. However, no personnel were denied access to the Audit Committee.
- The Company has laid down Risk Management Policy to inform Board members about the risk assessment and minimization procedures.
- The Company has complied with all mandatory requirements set out in Clause 49 of the Listing Agreement.

8. Means of Communication

The Company is not sending half-yearly report to the shareholders, as it is not a mandatory requirement. The Company publishes its quarterly/half yearly/annual results, amongst others, in The Free Press Journal and Sandesh circulating in Dadra & Nagar Haveli. The same together with any other significant development is