



**NOTICE**

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

**DAY : SATURDAY**  
**DATE : 25TH SEPTEMBER, 2010**  
**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, 2010 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 confirm the interim dividend of Rs. 1 per equity share, already paid for the financial year 2009-10.
3. To appoint a Director in place of Shri Madhav Bhageria, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ram Avtar Bhageria, who retires by rotation, and being eligible, offers himself for re-appointment.
5. 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.

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

PLACE : NEW DELHI  
DATE : 3<sup>rd</sup> August, 2010

**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, 2010 to 25th September, 2010 (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. Members wishing to claim dividend, which remain unclaimed, are requested to correspond with the Company Secretary of the Company.



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report along with the Audited Accounts for the year ended March 31, 2010.

### FINANCIAL RESULTS:

Particulars	2009-2010	2008-2009
	(Rs. in Lacs)	
Sales/Income from Operations	42923	38428
Gross Profit before Financial Charges, Depreciation & Taxation	3934	2829
Financial charges	465	640
Depreciation	851	790
Profit before exceptional items and tax	2618	1399
Exceptional items		
– Profit on sale of Wind Mill unit	-	(122)
Profit before tax	2618	1521
Provision for Taxation		
– Current	648	171
– Deferred	251	853
– Fringe Benefit	-	10
– Taxation for earlier years	9	-
– MAT Credit Entitlement	(9)	(171)
Net Profit	1719	658
Balance brought forward from previous year	434	1026
Profit available for appropriation	2153	1684
Interim Dividend paid	171	-
Dividend Distribution Tax	29	-
Transfer to Capital Redemption Reserve	-	1250
Balance carried forward to Balance Sheet	1953	434

### DIVIDEND

Your Company has paid interim dividend of Rs.1 per share for the year 2009-10. The total outflow for this purpose was Rs.171.41 lacs. In order to conserve the resources for future requirements, your Board has not recommended any final dividend for the year 2009-10.

### OPERATIONS & OUTLOOK

Your Directors are pleased to inform you that the adoption of effective and efficient raw material/ inventory management system, stringent cost control measures and improved product mix continues to yield better results as reflected by the improved financial performance of the Company.

During the financial year, the Company has issued 40,00,000 convertible Warrants to be converted at the option of warrant holders in one or more tranches within eighteen months from 4th March, 2010 i.e. the date of allotment into equivalent number of fully paid up equity shares of the Company of the face value of Rs. 10 each at an exercise price of Rs. 40 per share (including premium of Rs. 30 per share) to the Promoters/ persons belonging to the Promoter Group on preferential basis. The money so raised has been utilized/ deployed in the ongoing expansion project of the Company.

Implementation of the Polyester Poly-Condensation plant together with increase in the existing POY capacity is going on as per schedule at a capital outlay of Rs. 240 crores.

### FIXED DEPOSITS

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

### DIRECTORS

Mr. Madhav Bhageria and Mr. Ram Avtar Bhageria, 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 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 & 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. Observations, if any, made by the Auditors in their report read with the relative notes on accounts are self-explanatory.

**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 2010-2011.

**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**

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 shareholder interested in obtaining such particulars may write to the Company Secretary.

**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 : 3<sup>rd</sup> August, 2010

**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

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

#### ii) Board Meetings

During the year 2009-10, the Board met five times on 28th April, 2009, 31st July, 2009, 30th October, 2009, 18th January, 2010 & 29th January, 2010.

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

\* As on 31.03.2010. 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 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 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 2009-10 the Committee met 4 times. The attendance at the meetings is as under: -

Date of Meeting	No. of Members present
28-04-2009	5
31-07-2009	5
30-10-2009	4
29-01-2010	3

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 31<sup>st</sup> March, 2010**

(Amt. in Rs.)

S. No.	Name of Directors	Salary, Allowances & Commission	Contribution to Provident Fund	Perquisites	Sitting Fees	Total
1.	Shri Ram Avtar Bhageria	—	—	—	17500	17500
2.	Shri Madhu Sudhan Bhageria, Managing Director	4554781	9360	200863	—	4765004
3.	Shri Purshottam Bhaggeria, Joint Managing Director	4194781	9360	544076	—	4748217
4.	Shri Madhav Bhageria, Joint Managing Director	4194780	9360	289220	—	4493360
5.	Shri Vibhu Bakhru	—	—	—	15000	15000
6.	Shri S.P. Setia	—	—	—	17500	17500
7.	Shri S.C. Parija	—	—	—	22500	22500
8.	Shri B B Tandon	—	—	—	20000	20000

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, 2010. The Managing/Whole-time Directors are paid remuneration as approved by the Board of Directors and Shareholders, on the recommendation of the Remuneration Committee, 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. 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 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 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 31<sup>st</sup> March, 2010, 5 investors complaints /queries were received which were replied / resolved to the satisfaction of the investors and as on 31<sup>st</sup> March, 2010 there were no complaints / queries pending reply. There were no share transfers pending for registration for more than 30 days as on 31<sup>st</sup> March, 2010. As on 31<sup>st</sup> March, 2010, no requests for transfer of Shares were pending for approval.

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
2006-2007	Survey No.274 Demni Road, Dadra - 396 191 (U.T. of Dadra & Nagar Haveli)	10th September, 2007	09.30 A.M.	YES (4 Nos.)
2007-2008	Same as above	30th September, 2008	09.30 A.M.	NO
2008-2009	Same as above	25th September 2009	09.30 A.M.	NO

There is no item in the Notice of the forthcoming Annual General Meeting that is proposed to be passed through 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 Notes to the Accounts - Point 13 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 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 shareholding pattern and any other significant development is submitted to the Stock Exchanges. The Company is not making any official releases. The Financial Results, specified documents/statements are being displayed on SEBI website, [www.sebidifar.nic.in](http://www.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 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 of the 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 25th September, 2010 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	30-06-2010	3 <sup>rd</sup> August, 2010
Results for the quarter/half year ending	30-09-2010	before 14 <sup>th</sup> November 2010
Results for the quarter ending	31-12-2011	before 14 <sup>th</sup> February 2010
Results for the quarter/year ending	31-03-2011	before 15 <sup>th</sup> March, 2011/ 31 <sup>st</sup> May, 2011

10.3 Book Closure Date : 16th September, 2010 to 25<sup>th</sup> September, 2010 (both days inclusive)

10.4 Dividend Payment Date : Interim Dividend paid on 26<sup>th</sup> November, 2009 No final dividend is recommended by the Board of Directors.

10.5. Listing of Equity Shares : Mumbai and Calcutta. Annual Listing fees for the year 2010-11 has been paid to the on Stock Exchanges at above Stock Exchanges.

**10.6 Stock Code :**

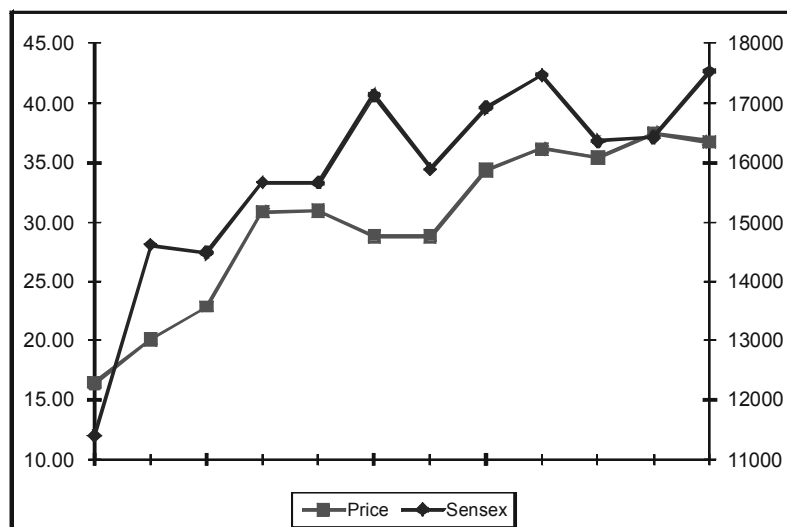
- (a) Trading Symbol at The Bombay Stock Exchange Ltd. 526227
- The Calcutta Stock Exchange Association Ltd. 10016023
- (b) ISIN allotted to : INE816B01019
- Equity Shares

**10.7 Stock Market Data:**

Monthly High & Low of the Equity Shares of the Company for the year 2008-2009 based upon BSE Price data in comparison to BSE Sensex is given below:

Month	High		Low	
	Share Price	Sensex	Share Price	Sensex
April, 2009	17.37	11492	10.56	9546
May, 2009	21.90	14931	15.85	11621
June, 2009	25.50	15600	20.00	14017
July, 2009	30.90	15733	17.70	13220
August, 2009	34.00	16002	27.05	14684
September, 2009	33.00	17143	26.00	15357
October, 2009	32.05	17493	27.15	15805
November, 2009	37.50	17290	29.15	15331
December, 2009	39.00	17531	31.00	16578
January, 2010	43.00	17790	34.60	15982
February, 2010	41.45	16669	29.40	15652
March, 2010	38.95	17793	34.00	16438





10.8 Registrar and Transfer Agents :

All the works relating to the share registry for the shares held in the physical forms 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, 2010:

S.No.	Category	No. of Shares	%
<b>1.</b>	<b>Promoters Holding</b>		
	Promoter Group	86,18,495	50.28
<b>2.</b>	<b>Institutional Investors</b>		
	Mutual Funds	63,400	0.37
	Banks and Financial Institutions	8,41,497	4.91
	Foreign Institutional Investors	17,00,000	9.92
<b>3.</b>	<b>Others</b>		
	Private Corporate Bodies	30,63,404	17.87
	Indian Public	28,44,943	16.59
	NRIs/ OCBs	9,658	0.06
	<b>TOTAL</b>	<b>1,71,41,397</b>	<b>100.00</b>


**Distribution of Shareholding as on 31<sup>st</sup> March, 2010**

<b>Range</b>		<b>Share holders</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	3849	88.50	582103	3.40
501	1000	245	5.63	210862	1.23
1001	2000	87	2.00	146882	0.86
2001	3000	44	1.01	115125	0.67
3001	4000	12	0.28	43491	0.25
4001	5000	19	0.44	90095	0.53
5001	10000	30	0.69	222328	1.30
10001	and above	63	1.45	15730511	91.76
<b>Total</b>		<b>4349</b>	<b>100</b>	<b>17141397</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 31st March, 2010, 1,66,99,477 Equity Shares were in dematerialized form which represents 97.42% of the paid up capital.

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

The Company has issued 40,00,000 convertible Warrant to the Promoters \ Promoter Group on preferential basis. These warrants shall be converted within 18 months from date of its allotment i.e. 04.03.2010 at the option of warrant holder in one or more tranches at an exercise price of Rs. 40 per share (including premium of Rs. 30 per share).

**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), Distt. Gautam Budh Nagar - 201 304 (U.P.)

**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

Members can also contact us at :

The Company Secretary  
Flatex India Limited  
42, Community Centre, New Friends Colony,  
New Delhi - 110 025  
Email : shares@filatex.com

Shareholders are requested to quote their Folio Nos./DP ID/ Client ID, No. of Shares held and address for prompt reply.