

**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

Contents

Directors' Profile	2
Product capacity	4
Notice	6
Directors' Report	8
Report on Corporate Governance	10
Auditors' Report	24
Balance Sheet	28
Statement of Profit & Loss	29
Cash Flow Statement	30
Notes	32

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

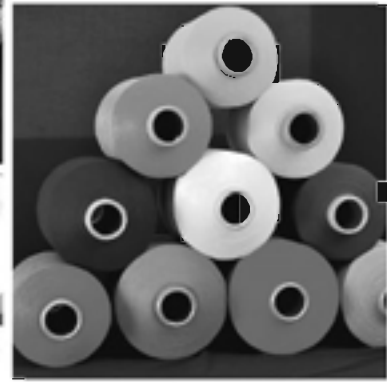
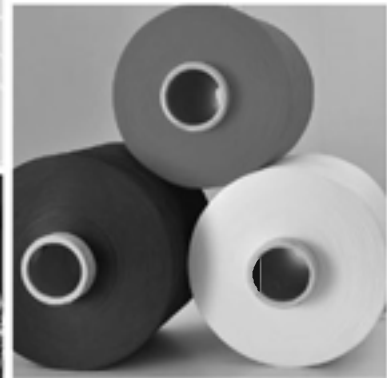
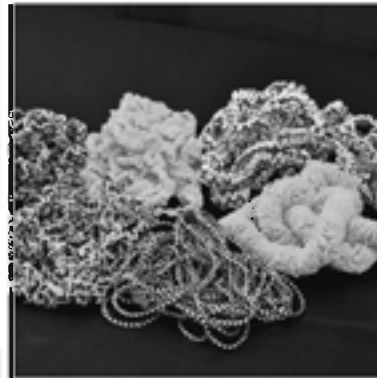
(Independent Director)

- 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 &

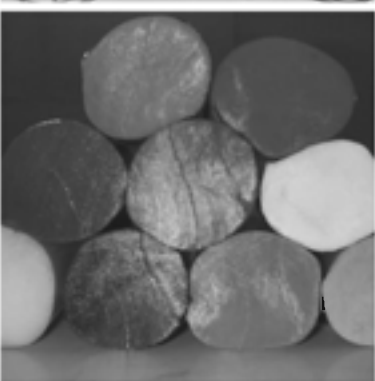




Office



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 27th 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 Purshottam 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 21st 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 21st 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 : 29TH 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 24th September, 2012 to 27th 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 22nd 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 22nd 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 21st and 29th 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 21st 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 : 29TH 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)**

Particulars	2011-2012	2010-2011
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 : 29th May, 2012

PURRSHOTTAM BHAGGERIA
Joint Managing Director

MADHU SUDHAN BHAGERIA
Vice-Chairman & Managing Director