



FILATEX INDIA LIMITED

(AN ISO 9001 : 2000 COMPANY)

**18TH ANNUAL REPORT
2007-2008**

BOARD OF DIRECTORS

Ram Avtar Bhageria
Chairman

Madhu Sudhan Bhageria
Vice Chairman & Managing Director

Purrshottam Bhaggeria
Joint Managing Director

Madhav Bhageria
Joint Managing Director

B.B. Tandon

S.C. Parija

S.P. Setia

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)

Pazhavor Village, Tirunelveli,
Kathabomman District,
Tamil Nadu

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NOTICE

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

DAY : TUESDAY
DATE : 30TH SEPTEMBER, 2008
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, 2008 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 arrears of dividend on 7.5% Preference Shares for the period 01.04.2004 to 30.06.2005 and 0.1% Preference Shares for the financial year ended 31st March, 2008.
3. To appoint a Director in place of Shri Ram Avtar Bhageria, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. C. Parija, 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.

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 Shri B. B. Tandon 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”.

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

RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other approvals as may be necessary in this regard, the reappointment of Shri Madhu Sudhan Bhageria as Managing Director of the Company for a period of 5 years w.e.f. 30.07.2008 on the following terms and conditions:-

Consolidated Salary: Rs. 1,50,000 - 22,500 - 2,40,000 per month

Commission: One per cent of the net profits of the Company

Perquisites and Allowances: In addition to the aforesaid consolidated salary and commission, Shri Madhu Sudhan Bhageria shall also be entitled to perquisites like furnished accommodation or housing allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance and any other perquisites in accordance with the Rules of the Company, the monetary value of such perquisites being limited to 100% of consolidated salary for the purposes of which limit:

- (a) Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost;
- (b) Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included;



- (c) Company's contribution of Provident Fund and Superannuation Funds not exceeding 10% of the consolidated salary shall not be included;
- (d) Gratuity payable not exceeding half months salary for each completed year of service shall not be included; and
- (e) Earned Leave: Encashment of unavailed Earned Leaves at the end of his tenure

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

RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other approvals as may be necessary in this regard, Shri Purrshottam Bhaggeria be and is hereby reappointed as Wholetime Director of the Company designated as Joint Managing Director for a period of 5 years w.e.f. 30.07.2008 on the following terms and conditions:

Consolidated Salary: Rs. 1,20,000 - 18,000 - 1,92,000 per month

Commission: One per cent of the net profits of the Company

Perquisites and Allowances: In addition to the aforesaid consolidated salary and commission, Shri Purrshottam Bhaggeria shall also be entitled to perquisites like furnished accommodation or housing allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance and any other perquisites in accordance with the Rules of the Company, the monetary value of such perquisites being limited to 100% of consolidated salary for the purposes of which limit:-

- (a) Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost;
- (b) Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included;
- (c) Company's contribution of Provident Fund and Superannuation Funds not exceeding 10% of the consolidated salary shall not be included;
- (d) Gratuity payable not exceeding half months salary for each completed year of service shall not be included; and
- (e) Earned Leave: Encashment of unavailed Earned Leaves at the end of his tenure.

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

RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other approvals as may be necessary in this regard, Shri Madhav Bhageria be and is hereby reappointed as Wholetime Director of the Company designated as Joint Managing Director for a period of 5 years w.e.f. 30.07.2008 on the following terms and conditions:

Consolidated Salary: Rs. 1,20,000 - 18,000 - 1,92,000 per month

Commission: One per cent of the net profits of the Company

Perquisites and Allowances: In addition to the aforesaid consolidated salary and commission, Shri Madhav Bhageria shall also be entitled to perquisites like furnished accommodation or housing allowance in lieu thereof, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance and any other perquisites in accordance with the Rules of the Company, the monetary value of such perquisites being limited to 100% of consolidated salary for the purposes of which limit:-



- (a) Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be evaluated at actual cost;
- (b) Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included;
- (c) Company's contribution of Provident Fund and Superannuation Funds not exceeding 10% of the consolidated salary shall not be included;
- (d) Gratuity payable not exceeding half months salary for each completed year of service shall not be included; and
- (e) Earned Leave: Encashment of unavailed Earned Leaves at the end of his tenure.

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

PLACE : NEW DELHI
DATE : 29th July, 2008

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, 2008 to 30th September, 2008 (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. 6

Shri B. B. Tandon was co-opted as Additional Director of the Company on 12.04.2008 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 B. B. Tandon to the office of Director of the Company. The Board of Directors consider that the continuance of Shri B. B. Tandon on the Board will be beneficial to the Company and recommend the resolution of his appointment for your approval.

Shri B. B. Tandon is an IAS and has worked in various senior positions with the Central and State Governments and retired as Chief Election Commissioner.

Shri B. B. Tandon is presently Director of Nagarjuna Fertilizers & Chemicals Limited, Cosmo Ferrites Limited, Birla Corporation Limited, Oriental Carbon & Chemical Limited, Jaiprakash Hydro Power Limited, Dhampur Sugar Mills Limited, Ambuja Cement Foundation, Sagar Sugars & Allied Products Limited, Adani Power Limited, Precision Pipes & Profile Company Limited, Abhishek Global Ventures Limited & Jaiprakash Power Ventures Limited. Shri B. B. Tandon, is member of Audit Committee of Precision Pipes & Profile Company Limited, Cosmo Ferrites Limited and Oriental Carbon & Chemical Limited and Member of Shareholders/Investors Grievance Committee of Precision Pipes & Profile Company Limited, is also Chairman of Shareholders/Investors Grievance Committee of Cosmo Ferrites Limited

None of the Directors of the Company except Shri B. B. Tandon is concerned or interested in this resolution.

Item No(s). 7 to 9

The Board of Directors of the Company in their meeting held on 25.06.2008 re-appointed Shri Madhu Sudhan Bhageria as Managing Director, Shri Purrshottam Bhaggeria and Shri Madhav Bhageria as Wholetime Directors designated as Joint Managing Directors on the terms and conditions and remuneration as stated in the respective resolutions. An abstract and Memorandum containing the terms and conditions of the re-appointment under Section 302 of the Companies Act, 1956 has been circulated to the shareholders of the Company. The profile(s) of the aforesaid appointees have been set out in the Report on Corporate Governance annexed with the Directors' Report.

Your Directors recommend passing of these resolutions as Ordinary Resolutions.

None of the Directors of the Company except Shri Madhu Sudhan Bhageria, Shri Purrshottam Bhaggeria, Shri Madhav Bhageria and Shri Ram Avtar Bhageria, being related to the appointees, is concerned or interested in these resolutions.

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

PLACE : NEW DELHI
DATE : 29th July, 2008

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 Eighteenth Annual Report along with the Audited Accounts for the year ended March 31, 2008.

FINANCIAL RESULTS:

Particulars	2007-2008	2006-2007
	(Rs. in Lacs)	
Sales/Income from Operations	37659	32694
Gross Profit before Interest, Depreciation & Taxation	2627	893
Financial charges	575	525
Depreciation	757	745
Profit/(Loss) before exceptional items, prior period expenses and tax	1295	(377)
Exceptional items		
- Interest waiver for previous period	5	800
- Expenses on repairs due to fire	<u>—</u>	<u>104</u>
Prior period adjustments	3	2
Profit before tax	1297	317
Provision for Taxation		
- Current MAT	146	15
- Deferred	251	—
- Fringe Benefit	9	7
- MAT Credit Entitlement	(161)	—
Net Profit/ (Loss)	1052	295
Balance brought forward from previous year	—	(713)
Profit / (Loss) available for appropriation	1052	(418)
Balance appropriated from Capital Reserve	—	418
Proposed Dividend on Preference Shares inclusive of tax on Proposed Dividend	25	—
Balance carried forward to Balance Sheet	1027	—

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. Your Directors have recommended arrears of dividend of 7.5% Preference Shares for the period 01.04.2004 to 30.06.2005 and dividend of 0.1% on Preference Shares for the year under review. The total outflow for this purpose would be Rs. 25.46 lacs inclusive of tax on dividend of Rs. 3.70 lacs.

OPERATIONS & OUTLOOK

Despite increase in prices of raw material due to volatile crude oil prices, your Company has been able to achieve improved results due to improvement in product mix leading to increased value addition and reduction in cost of production.

In order to increase value addition, your Company has, during the year under review, initiated modification of two of its POY spinning lines for the manufacture of Fully Drawn Yarn, which shall commence operations by 15th September, 2008. Fully Drawn Yarn is directly used for manufacture of fabric which will result in better value addition.

Your Company, during the year under review, in terms of the Negotiated Settlement of dues with IDBI Bank Limited and ICICI Limited made payments to them and also issued 8,41,397 Equity shares of Rs.10 each at a price of Rs.23.77 per Equity Share as per SEBI Guidelines on Preferential Issue and 1,25,00,000 0.1% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each to IDBI Bank Limited. During the year under review, 40,00,000 Equity Shares of Rs. 10 each at a price of Rs. 25 per Equity Share as per SEBI Guidelines on Preferential Issue were also issued to investors to repay IDBI Bank Limited in terms of the Negotiated Settlement of dues. This has improved the Debt Equity Ratio to 0.37:1 as on March 31, 2008 as compared to 1.73:1 as on March 31, 2007.

The outlook for the Current Year appears to be positive due to continuous increase in cotton prices and increase in value addition in view of easy availability of raw material. Though the rising crude oil prices still remains a concern, your Company expects to overcome the same.



FIXED DEPOSITS

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

DIRECTORS

Mr. B. B. Tandon was co-opted as Additional Director on 12th April 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 B. B. Tandon as a Director of the Company.

IDBI Bank Limited has withdrawn the nomination of Shri Inderpal S. Kalra as Director of the Company with effect from 15th April, 2008. Your Directors place on record their appreciation for the valuable guidance and support given by Mr. Inderpal S. Kalra during his tenure as Director of the Company.

Mr. Ram Avtar Bhageria and Mr. S. C. Parija, 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 2008-2009.

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 : 29th July, 2008

RAM AVTAR BHAGERIA
Chairman

ANNEXURE 'A'

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 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.

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 Inderpal S. Kalra** Nominee Director (IDBI Bank Limited)	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. April 12, 2008

**Nomination withdrawn w.e.f. April 15, 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 2007-08, the Board met seven times on 28th May, 2007, 23rd June, 2007, 24th July, 2007, 11th August, 2007, 18th September, 2007, 25th October, 2007 & 28th January, 2008.

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	No. of Board Meetings attended	No. of Other Directorships*	Committee Memberships*	Committee Chairmanships*	Attendance in AGM
1.	Shri Ram Avtar Bhageria	7	-	-	-	YES
2.	Shri Madhu Sudhan Bhageria	6	3	-	-	YES
3.	Shri Purshottam Bhaggeria	7	3	-	-	YES
4.	Shri Madhav Bhageria	-	1	-	-	YES
5.	Shri B. B. Tandon**	N.A.	12	4	1	NA
6.	Shri Inderpal S. Kalra	3	1	1	-	NO
7.	Shri S.P. Setia	5	1	3	-	NO
8.	Shri S.C. Parija	6	1	-	1	YES

* As on 31.03.2008. Represents Directorship & Membership/Chairmanship of Audit Committee & Shareholders Grievance Committee of the Indian Public Companies.

** Appointed as Additional Director w.e.f. April 12, 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 four Directors namely, Shri S.P. Setia, Shri Inderpal S. Kalra (nomination withdrawn w.e.f. April 15, 2008), Shri S.C. Parija, 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 2007-08 the Committee met 5 times. The attendance at the meetings is as under: -

Date of Meeting	No. of Members present
28-05-2007	3
23-06-2007	4
24-07-2007	4
25-10-2007	3
28-01-2008	3



In addition to the Committee members, Shri Madhu Sudhan Bhageria, Managing Director, Shri Purrshottam 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, 2008

S. No.	Name of Directors	Salary & Allowances	Contribution to Provident Fund	Perquisites	Sitting Fees	Total
1.	Shri Ram Avtar Bhageria	–	–	–	12000	12000
2.	Shri Madhu Sudhan Bhageria, Managing Director	2208333	9360	184000	–	2401693
3.	Shri Purrshottam Bhaggeria, Joint Managing Director	2070333	9360	560000	–	2639693
4.	Shri Madhav Bhageria, Joint Managing Director	2070334	9360	110000	–	2189694
5.	Shri Inderpal S. Kalra *	–	–	–	2000	2000
6.	Shri S.P. Setia	–	–	–	10000	10000
7.	Shri S.C. Parija	–	–	–	10000	10000

(*) Sitting fees in respect of Shri Inderpal S. Kalra is paid to IDBI Bank Limited, the Institution he represents as Nominee Director.

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, 2008. 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, 2008, two investors complaints /queries were received which were replied / resolved to the satisfaction of the investors and as on 31st March, 2008 there were no complaints / queries pending reply. There were no share transfers pending for registration for more than 30 days as on 31st March, 2008. As on 31st March, 2008, one request for transfer of Shares was pending for approval, which were approved and dealt with on 1st April, 2008.

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
2004-2005	Survey No.274 Demni Road, Dadra - 396 191 (U.T. of Dadra & Nagar Haveli)	30th September, 2005	09.30 A.M.	No
2005-2006	Same as above	30th September, 2006	09.30 A.M.	No
2006-2007	Same as above	10th September 2007	09.30 A.M.	Yes (4 Nos.)

Postal Ballot

During the financial year 2007-2008, 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 to raise Money through ADRs/GDRs/FCCBs/QIP/Other Securities	Special	1,05,25,628	100	Nil	Nil
2.	Approval for Commencement of Business set out in the 'Other Objects' Clause	Special	1,05,25,628	100	Nil	Nil

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 resolutions 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 March 08, 2008. The Scrutinizer submitted his report on March 11, 2008 and the Managing Director declared the results on March 11, 2008 stating that the aforesaid resolutions had been duly passed with requisite majority as Special Resolutions. The said results were duly published in the newspapers.

The Company has initiated the Postal Ballot Process for seeking approval of the shareholders for the sale, transfer and/or disposal of the 1 MW Wind Power Project of the Company. M/s Siddiqui & Associates, Company Secretaries, is the Scrutinizer for the Postal Ballot Process.

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 16 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 the 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 Indian Express/Free Press Journal and Sandesh circulating in Dadra & Nagar Haveli. The same together with 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 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 the 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 : 30th September, 2008 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 30-06-2008 July, 29th 2008
 Results for the quarter/half year 30-09-2008 before end of October/ ending November 2008
 Results for the quarter ending 31-12-2008 before end of January, 2009
 Results for the quarter/year ending 31-03-2009 before end of April/June, 2009

10.3 Book Closure Date : 16th September, 2008 to 30th September, 2008 (both days inclusive)

10.4 Dividend Payment Date : The dividend on Preference Shares if declared by the shareholders shall be paid/credited on or before 30 days thereof.

10.5. Listing of Equity Shares : Mumbai and Calcutta. Annual Listing fees for the year 2008-09 has been paid to the above Stock Exchanges.

10.6 Stock Code :

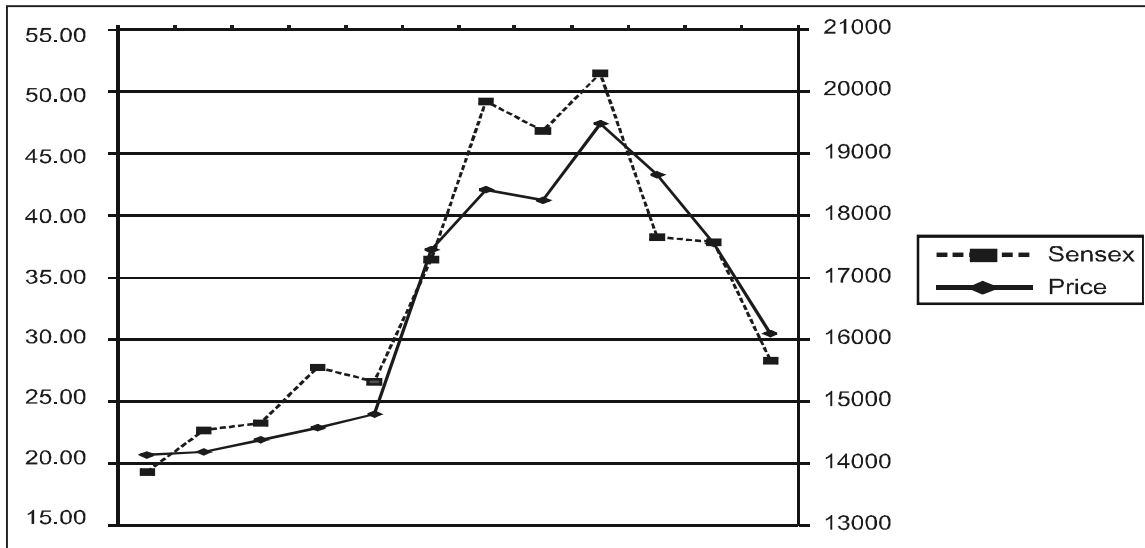
(a) Trading Symbol at The Bombay Stock Exchange Ltd. 526227
 The Calcutta Stock Exchange Asso. Ltd. 10016023

(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 2007-2008 based upon BSE Price data in comparison to BSE Sensex is given below:

Month	High		Low	
	Share Price	Sensex	Share Price	Sensex
April, 2007	20.80	14384	15.30	12426
May, 2007	23.00	14576	18.55	13554
June, 2007	23.10	14683	19.35	13947
July, 2007	26.90	15869	20.50	14639
August, 2007	27.10	15542	20.60	13780
September, 2007	39.90	17361	22.10	15323
October, 2007	49.75	20238	33.25	17145
November, 2007	45.00	20204	35.00	18183
December, 2007	49.95	20498	37.30	18886
January, 2008	63.15	21207	34.35	15332
February, 2008	47.00	18895	32.25	16458
March, 2008	37.60	17228	26.15	14677



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
 Sri Venkatesh Bhavan, W-40, Okhla Industrial Area
 Phase-II, 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 31st March, 2008:

S.No.	Category	No. of Shares	%
1.	Promoters Holding		
	Promoter Group	73,65,800	42.97
2.	Institutional Investors		
	Mutual Funds	63,900	0.37
	Banks and Financial Institutions	8,41,497	4.91
	Foreign Institutional Investors	17,00,000	9.92
3.	Others		
	Private Corporate Bodies	2754534	16.07
	Indian Public	4403090	25.69
	NRIs/ OCBs	12,576	0.07
	TOTAL	1,71,41,397	100.00



Distribution of Shareholding as on 31st March, 2008

Range		Share holders		Shares	
No. of Shares		Number	% to total holders	Number	% to total Capital
Upto	500	4260	87.55	674105	3.93
501	1000	294	6.04	254849	1.49
1001	2000	119	2.45	194516	1.13
2001	3000	48	0.98	121705	0.71
3001	4000	18	0.37	64620	0.38
4001	5000	28	0.58	134307	0.78
5001	10000	25	0.51	180684	1.06
10001	and above	74	1.52	15516611	90.52
TOTAL		4866	100	17141397	100

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, 2008, 1,61,63,677 Equity Shares were in dematerialized form which represents 94.30 % of the paid up capital.

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

N.A.

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.)
3. Pazhavor Village, Tirunelveli, Kathabomman District Tamil Nadu

10.14 Address for Investor Correspondence

MCS Limited
 Sri Venkatesh Bhavan,
 W-40, Okhla Industrial Area, Phase-II, 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.



11. RE-APPOINTMENT OF DIRECTORS:

Name of Director(s)	Shri Ram Avtar Bhageria	Shri S.C. Panja	Shri Madhu Sudhan Bhageria	Shri Purrshottam Bhaggeria	Shri Madhav Bhageria
Age (Years)	74	67	49	47	45
Qualifications	Graduate in Commerce	M.Sc. (Fiscal Studies), Bath University, UK	Graduate in Commerce	MBA, Cornell University, USA	Graduate in Commerce
Date of Appointment	27-02-2003	30-07-2003	30-07-2003	30-07-2003	30-07-2003
Expertise in specific functional areas/ other related activities	Has vast experience in Polyester business and is associated with charitable Organisations	Taxation & Former Finance Chairman Income Tax Settlement Commission	Promoter Looking after Production, Modernization & Expansion	Promoter Looking after Finance & Accounts	Promoter Looking after Marketing & Dadra works
List of other Directorship (Indian Public Companies)	—	ARSS Infrastructure Projects Ltd.	Helios Infrastructure & Projects Ltd. Roshanara Club Ltd. Toni Leathers Ltd.	Helios Infrastructure & Projects Ltd. Jaipur Stock Exchange Ltd. Toni Leathers Ltd.	Helios Infrastructure & Projects Ltd.
Chairman/Member of the committees of the Board of the Companies on which he/she is a Director.	Filatex India Limited Member-Audit Committee	Filatex India Limited Chairman–Audit Committee Member– Shareholders Grievances Committee	—	Filatex India Limited Member– Shareholders Grievances Committee	—

12. CEO/CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, Managing Director and Chief Financial Officer of the Company have submitted a certificate certifying various covenants about financial/cash flow statements, internal controls, financial reporting etc. in respect of Accounts for the year ending 31st March, 2008 to the Board of Directors.

13. NON MANDATORY ITEMS:

The Company has not adopted any non mandatory requirements except the Remuneration Committee as mentioned in Annexure 3 of Clause 49 of the Listing Agreement. The Committee comprises of three Independent Directors. Consequent to the withdrawal of nomination of Shri Inderpal S. Kalra by IDBI Bank Limited w.e.f. 15th April, 2008, an Independent Director is to be inducted in the Remuneration Committee. During the year under review no meeting of the Remuneration Committee was held.

DECLARATION:

I, Madhu Sudhan Bhageria, Managing Director of the Company do hereby declare that all the Directors of the Company and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company for the financial year ended 31st March, 2008.

Place: New Delhi
Date : June 23, 2008

Madhu Sudhan Bhageria
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

TO THE MEMBERS OF FILATEX INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Filatex India Limited for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2008, the Company Secretary has certified that as at 31st March, 2008, there were no investor grievances remaining unattended/pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **AMOD AGRAWAL & ASSOCIATES**
Chartered Accountants

AMOD AGRAWAL
Partner
Membership No. 84175

Place: New Delhi
Dated: July 26, 2008

ANNEXURE 'B'**MANAGEMENT'S DISCUSSION AND ANALYSIS****DISCLAIMER STATEMENT**

Certain statements in this report on Management Discussion and Analysis may be forward looking statements and have been issued in terms of the applicable security laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed in the statements or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility in respect of forward-looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

INDUSTRY STRUCTURE & DEVELOPMENT

Liberal trade and economic policies in the last decade have helped the textile industry grow more than in earlier decades. The textile industry occupies a pivotal position and its importance is recognized for its contribution to Gross Domestic Product (GDP), to industrial production and to the country's export earnings. The industry is the single largest employer after the agriculture. It contributes 4% to GDP, 14% to industrial production, 8% to excise collection, 15% to export earnings and 21% to employment. The Polyester Filament Yarn (PFY) is one of the essential intermediate sectors in the textile chain as it serves a broad range of applications from apparels to home textiles and is also being used increasingly for non-apparel applications. Despite increase in the capacities, the demand for Polyester is expected to grow as the consumption level is still very low in India.

INDUSTRY OUTLOOK

Starting as a supplement to the Cotton, the Polyester in general and PFY in particular has witnessed a significant improvement and are expected to overtake cotton as the primary fibre in textiles. The domestic as well as the global scenario remains very encouraging for the industry. The growth rate of PFY is the highest amongst all man made fibres.



Changing lifestyle, new applications and increased purchasing power have also contributed to the growth of the industry. The industry hitherto restricted mainly to apparel textiles has shown a shift towards non-apparel applications also. The fact that worldwide non-apparel applications accounts for 59% of total Polyester production as against 10% in India will create new opportunities for the Industry.

The Industry has huge potential for growth. The prices of cotton are rising as there is an inherent constraint in its growth and demand supply gap would be filled by Polyester. In India, the very low consumption of Polyester is bound to grow with the rising disposable income of the general masses. Polyester is becoming increasingly uncompetitive in Taiwan and Korea due to increase in input costs and China and India have become major hubs for Polyester production. The recent slowdown in Polyester Industry in China would further augur well for the Indian Industry.

OPPORTUNITIES & CHALLENGES

Opportunities

- (i) Demand growth in domestic as well as global market
- (ii) Huge potential in non-apparel applications
- (iii) Shift towards man made fibres from cotton
- (iv) Growth in domestic non-clothing consumption
- (v) Increase in penetration of organized retail

Challenges:

- (i) Rising rupee and weakening dollar
- (ii) Volatile raw material prices
- (iii) Constraint in availability of raw material
- (iv) Increase in crude oil prices

COMPANY OUTLOOK

The Company is continuously initiating various debottlenecking measures to improve the product mix and reducing cost of production. With the commencement of production of Fully Drawn Yarn, the Company expects to set a higher benchmark for its products. The Company expects to achieve accelerated growth with easy availability of raw materials and state of the art production facilities at its plants,

RISKS AND CONCERNS

The Company perceives the following main business risks:

- a) Companies having their own Poly Condensation plant are able to achieve substantial reduction in their operational costs vis-a-vis our Company manufacturing POY from Polyester Chips.
- b) Increase in Interest Rates and fear of slowdown in economy
- c) Competition from other fibres
- d) Post WTO, Companies with medium size capacities would be venerable viz-a-viz Companies with global size and modern facilities

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company remains committed to maintaining adequate and proper internal control systems and procedures in all the spheres of activity to provide reasonable assurance for orderly and efficient conduct of business and security of assets. It assures that all the assets are safeguarded and protected from unauthorized use and disposition and that all transactions entered into by the Company are duly authorized, recorded and reported. The Company has an elaborate budgetary control system and actual performance, which is constantly monitored by the management. The Company has well defined organization structure, authority levels and internal guidelines and rules. The internal control system ensures that the financial and other records are reliable for preparing financial statements and other data and for maintaining proper records of assets. The Company has an extensive system of internal controls which ensures optimum utilization and protection of resources, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures. The internal control system is supplemented by effective internal audit carried out by an external firm of Chartered Accountant and reports reviewed by the management at regular intervals.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review your Company achieved turnover of Rs. 37,659 lacs as against Rs. 32,694 lacs in the previous financial year. The net profit for the year under review was Rs. 1052 lacs after providing for depreciation of Rs. 757 lacs and tax of Rs. 245 lacs as against a net profit of Rs. 295 lacs after providing depreciation of Rs. 745 lacs and tax of Rs. 22 lacs during the previous year. During the previous year, there was an exceptional gain of Rs. 696 lacs as compared to Rs. 5 lacs during the year under review.



HUMAN RESOURCES & INDUSTRIAL RELATIONS

Human Resources are vital to the success of any Organization. The Company lays emphasis on developing and facilitating optimum human performance by providing opportunity for open interactions, communications and feedback. Relations with employees remained cordial during the year under review. Consistent and fair policies ensure that industrial relations continue to be peaceful and results in improvement in productivity and effectiveness. Your Company aims at creating development oriented approach for its employees by building systems, processes and focusing on recruitment of top quality manpower. Focus on performance appraisal and incentive schemes results in enhancing productivity on a substantial basis. It provides an opportunity to all the employees to utilize their full potential and grow in the organization and beliefs in empowering its people and providing a stimulating professional environment. The number of persons employed in the Company at the close of the Financial Year was 745.

ANNEXURE 'C'

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

A. CONSERVATION OF ENERGY:

1. Energy Conservation measures taken:

- Change in motor rating
- Tube lights replaced with T5 fittings
- Sodium vapour lamp replaced with CFL lamps
- Optimization of air conditioning system
- Reduction of insulation losses

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

- Modification in low pressure air generation & distribution system
- Modification of process system on on-going basis

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

- Reduction in wastage and energy/power consumption per unit of yarn
- Improvement in quality and productivity
- Increase in efficiency by optimizing power
- Equipment engagement load will come down which will help to maintain longer life of equipment.

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

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

B. TECHNOLOGY ABSORPTION:

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

The Company is continuously exploring the possibilities for exports to newer markets. Consistent efforts are being made to sustain new avenues for exports.

b) Foreign Exchange earned	:	Rs. 146.33 Lacs
Foreign Exchange used	:	Rs. 838.97 Lacs

D. INFORMATION ON POLLUTION CONTROL MEASURES:

The Company is maintaining & monitoring environment & pollution control parameters at its plants on a continuous basis. The Company is maintaining proper effluent treatment plant to keep the environment pollution free. Environment & pollution parameters are regularly analyzed and actual values are within the permissible norms.



FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A) Power and Fuel Consumption:	2007-2008	2006-2007
1. Electricity		
a) Purchased Units KWH	4,37,57,488	3,85,74,205
Total amount Rs.	13,28,47,002	11,09,25,383
Rate per unit Rs.	3.04	2.88
b) Own generation through DG Sets		
Units KWH	8,44,941	15,15,990
Units per Liter of Diesel oil	3.37	3.48
Cost per unit Rs.	8.55	8.43
2. Coal	NIL	NIL
3. Furnace Oil		
- Quantity (K. ltr.)	765.15	878.645
- Total amount (Rs. in lacs)	140.31	144.87
- Average Rate/Litre (in Rs.)	18.34	16.49
4. Others	NIL	NIL
B) Consumption per unit of production :		
Electricity (KWH/kg)	0.83	0.85
Furnace Oil(K. ltr/MT)	0.015	0.019

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION:

Research and Development:

- 1. Specific areas in which Research and Development carried out by the Company:**
 - Optimization of process parameters to increase productivity, product quality, efficiency.
 - New product development with special emphasis on specialty products.
- 2. Benefits derived as a result of the above research and development:**
 - Better product mix, cost reduction resulting in improved margins
 - Consistency in product quality
 - Improvement in internal process
- 3. Future Plan of Action:**
 - To improve the standard of products
 - Study of new material technology and development
 - Re-use of waste water
 - Forward integration into knitting and weaving
- 4. Expenditure on Research & Development:**
 - Capital)
 - Recurring) The expenditure has been
 - Total) charged under the primary
 - Total Research & Development) heads of accounts.
 - Expenditure as % of total turnover.)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- Development of new products to cater to the market requirements
- Improvement/ modification in process, equipments and products

The stress is laid on innovation in all the functions including production. The Company has latest state-of-art machines and the Company is continuously adapting the processes of production to increase its production, quality and consistency in its products. Market trends are regularly monitored to meet the requirements of customers.

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

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

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



AUDITORS' REPORT

TO THE MEMBERS OF FILATEX INDIA LIMITED

1. We have audited the attached Balance Sheet of Filatex India Limited as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in para 3 above, we report that: -
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956
 - (e) On the basis of written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of section 274(1) (g) of Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon in Schedule No.21, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of the affairs of the Company, as at March 31, 2008.
 - ii) In the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **AMOD AGRAWAL & ASSOCIATES**
Chartered Accountants

Place : New Delhi
Date : 25th June, 2008

VIRENDRA KUMAR
Partner
Membership No. 85380

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

1. a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management during the year in a phased manner and no material discrepancies have been noticed on such verification. However, there was a fire at company's POY unit at Dadra during the year 2006-07, which affected some of the POY production lines, a major part of which has been repaired and restored except for those which are in process of restoration. (refer note no.3 of schedule No.21 on notes to accounts).
In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- c) The company has not disposed off substantial part of fixed assets during the year and going concern status of the company is not affected.
2. a) The management has conducted physical verification of inventory at reasonable intervals.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.



- c) The Company is maintaining proper records of inventory and no material discrepancies in inventory were noticed on physical verification.
3. a) As informed to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) According to the information and explanations given to us, the company has taken unsecured loan from one party covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.900.00 lacs and the year end balance of the loan taken from such party was Rs.900 lacs which includes Rs.300 lacs payable on demand. In our opinion, the rate of interest and other terms & conditions are not prima facie prejudicial to the interest of the company. There is no overdue amount.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There are no transactions in respect of sale of services during the year. Accordingly the issue of continuing failure to correct major weakness in internal control in these areas does not apply.
5. According to the information and explanations provided by the management, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules made thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have however, not made a detailed examination of these records.
9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it with the appropriate authorities. However, there has been delay in some cases.
- b) According to the information and explanations given to us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom duty and Excise duty outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
- c) According to the records of the company, there are no dues of wealth tax, service tax, customs duty and cess, which have not been deposited on account of any dispute. Dues towards excise duty, sales tax and income tax that have not been deposited on account of dispute are stated below:

S. No.	Nature of Dues	Amount (Rs/lacs)	Period to which it relates	Forum where Dispute is pending
1	NCCD on Deemed Exports & Job Work.	98.24	July, 2003 to June, 2004	Central Excise & Service Tax Appellate Tribunal, Western Zone, Ahmedabad.
2	NCCD on Deemed Exports.	1.38	July to November 2004	Commissioner of Central Excise (Appeals), Vapi
3	Sales Tax	0.31	FY 2004-05	Jt. Commissioner (Appeals), Noida (UP).
4	Differential duty on import of chips	14.54	December, 2007	Asst. Commissioner of Customs, Group II, E&B, JNCH, Navi Mumbai.
5	Co-Party made with a customer for discrepancies in compliance of export obligation by customer.	15.00	April, 2007	CESTAT, Western Zone, Ahmedabad.
6	Estimation of Sales value of Yarn	174.11	FY 2002-03	Supreme Court.
7	Demand on Non Receipt of Warehouse Certificate	13.36	June, 2005	Jt. Commissioner, Central Excise & Customs, Vapi.
8	Demand u/s 115 JB of Income Tax Act	35.81	FY 2003-04	CIT - Appeal,



10. The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses during the year under report and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks as the dues were rescheduled by/settled with the respective banks/ financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi / mutual benefit fund and societies.
14. The company has not dealt/traded in shares, securities and debentures. However in respect of investments made in mutual funds, in our opinion and according to the information and explanations given to us, proper records have been maintained for the transactions and contracts and timely entries have been made therein. The investments have been held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. Based on the audit procedures applied by us & according to the information & explanations provided by the management, the term loans taken by the company during the year have been applied for the purpose for which the loans were obtained.
17. According to the information and explanation given to us and on the basis of overall examination of the Balance Sheet of the company, in our opinion, no short term funds have been used for long term uses, during the year under our report.
18. The company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has created security in respect of debentures issued. However, the debentures have been redeemed in terms of settlement with the respective lending institutions which have no dues as on balance sheet date.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information & explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit that causes the financial statement to be materially misstated.

For **AMOD AGRAWAL & ASSOCIATES**
Chartered Accountants

Place : New Delhi
Date : 25th June, 2008

VIRENDRA KUMAR
Partner
Membership No. 85380



BALANCE SHEET AS AT MARCH 31, 2008

(Rs /Lacs)

PARTICULARS	SCHEDULE NO	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007-
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1		
- Equity		1714.14	1230.00
- Preference		1,250.00	-
Reserves & Surplus	2	4065.54	2360.40
		7029.68	3590.40
LOAN FUNDS			
Secured	3	3095.37	6815.10
Unsecured		1299.05	676.81
		4394.42	7491.91
Deferred Tax Liability		251.21	-
		11675.31	11082.31
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	15422.46	15196.74
Less Depreciation		6870.51	6096.07
		8551.95	9100.67
NET BLOCK			
Capital Work In Progress		148.87	16.68
		8700.82	9117.35
INVESTMENTS	5	0.01	0.47
CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	6	2561.25	1543.45
Sundry Debtors	7	1647.27	1110.29
Cash & Bank Balances	8	178.19	134.39
Loans & Advances	9	584.63	478.41
Other Current Assets	10	108.44	334.72
		5079.78	3601.26
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	1967.17	1564.12
Provisions		146.13	72.65
		2113.30	1636.77
NET CURRENT ASSETS		2966.48	1964.49
Miscellaneous Expenditure (to the extent not written off or adjusted)	12	8.00	-
		11675.31	11082.31
Notes To Accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Accounts

As per our report of even date attached
for **AMOD AGRAWAL & ASSOCIATES**
Chartered Accountants

VIRENDRA KUMAR
Partner
Membership No. 85380

Place : New Delhi
Date : 25.06.2008

SANJEEV GUPTA
Company Secretary

R P GUPTA
President (F & A)

for and on behalf of the Board

RAM AVTAR BHAGERIA
Chairman

MADHU SUDHAN BHAGERIA
Vice Chairman & Managing Director

PURRSHOTTAM BHAGGERIA
Joint Managing Director

S C PARIJA, Director

S P SETIA, Director

B B TANDON, Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. /Lacs)

PARTICULARS	SCHEDULE NO	YEAR ENDED MARCH 31, 2008	YEAR ENDED MARCH 31, 2007
INCOME			
Gross Sales	13	37659.31	32693.91
Less: Excise Duty		<u>3110.00</u>	<u>2812.55</u>
Net Sales		34549.31	29881.36
Other Income	14	12.83	6.52
Increase/(Decrease) in Stocks	15	<u>175.12</u>	<u>(351.50)</u>
		<u>34737.26</u>	<u>29536.38</u>
EXPENDITURE			
Cost of Materials Consumed	16	29234.45	25898.67
Manufacturing & Administration expenses	17	1945.44	1799.95
Payment & Benefits to Employees	18	782.16	778.18
Selling Expenses	19	148.80	166.95
Financial Charges	20	574.58	525.46
Depreciation		776.56	763.94
Less: Transferred from Revaluation Reserve		<u>19.12</u>	<u>19.12</u>
		<u>33442.87</u>	<u>29914.03</u>
Profit/(Loss) before exceptional items, prior period expenses & tax		1294.39	(377.65)
Exceptional Items:			
- Interest waiver for previous period (Refer Note No.4 to Schedule No.21)		(5.26)	799.90
- Expenses on repairs due to fire (Refer Note No.3 to Schedule No.21)		-	103.58
Prior Period adjustments		2.63	1.85
Profit before Tax		1,297.02	316.82
Provisions for Tax:			
Current - MAT		145.90	15.28
Deferred		251.21	-
Fringe Benefit		9.25	6.73
Add : MAT Credit Entitlement		161.18	-
Profit after Tax		1051.84	294.81
Balance Brought Forward from previous year		-	(713.50)
Profit / (Loss) available for appropriation		1,051.84	(418.69)
Appropriations:			
Balance appropriated from Capital Reserve		-	418.69
Provision for Proposed Dividend on Preference Shares (includes Rs.21.09 lacs for previous period)		21.76	-
Provision for Tax on Preference Dividend		3.70	-
Balance Carried to Balance Sheet		1,026.38	-
Earnings per Share(EPS)(Face value of Rs.10/- per share)			
Basic/Diluted before exceptional items (in Rupees)		6.84	(3.26)
Basic/Diluted after exceptional items (in Rupees)		6.87	2.40
Notes to Accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Accounts

for and on behalf of the Board

As per our report of even date attached for **AMOD AGRAWAL & ASSOCIATES** Chartered Accountants

RAM AVTAR BHAGERIA
Chairman

MADHU SUDHAN BHAGERIA
Vice Chairman & Managing Director

PURRSHOTTAM BHAGGERIA
Joint Managing Director

S C PARIJA, Director

S P SETIA, Director

B B TANDON, Director

VIRENDRA KUMAR
Partner
Membership No. 85380

SANJEEV GUPTA
Company Secretary

R P GUPTA
President (F & A)

Place : New Delhi
Date : 25.06.2008



SCHEDULES FORMING PART OF BALANCE SHEET

(Rs /Lacs)

PARTICULARS	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 1 SHARE CAPITAL		
AUTHORISED		
2,75,00,000 (Previous Year 1,62,50,000) Equity Shares of Rs.10/- each	2750.00	1625.00
1,25,00,000 Redeemable Preference shares of Rs.10/- each (Previous Year - 15,00,000 Cumulative Convertible Preference Shares of Rs.25/- each)	1250.00	375.00
	4000.00	2000.00
ISSUED, SUBSCRIBED AND PAID UP		
1,71,41,397 (Previous Year 1,23,00,000) Equity Shares of Rs.10/- each fully paid up(*)	1714.14	1230.00
1,25,00,000 - 0.10% (Previous Year - Nil) Non Convertible Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up (**)	1250.00	-
	2964.14	1230.00

(*) On 18/09/2007, the company has issued 8,41,397 equity shares of Rs.10/- each at a premium of RS.13.77 per shares to IDBI Ltd and 17,00,000 equity shares of Rs.10/- each at a premium of Rs.15/- each to Foreign Institutional Investors and 23,00,000 equity shares of Rs.10/- each at a premium of Rs.15/- to other body corporates on preferential basis. The issue price has been determined in accordance with the guidelines on preferential issue as contained in Chapter XIII of SEBI (Disclosure and Protection) Guidelines 2000 as on relevant date i.e. 11/08/2007.

(**) On 18/09/2007, in terms of Negotiated Settlement of dues with IDBI Bank Limited, the company has issued 1,25,00,000, 0.10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10/- each. The said preference shares are non-convertible and shall be redeemed with payment of 25% each in the 11th and 12th year and the balance 50% in the 13th year from the date of allotment. The coupon rate of 0.10% shall be increased to 5% after Sixth year in the event of improvement of company's performance and declaring dividend of 20% or more.

SCHEDULE 2 - RESERVES & SURPLUS

	AS AT 01/04/2007 (Rs/Lacs)	Additions during the year (Rs/Lacs)	Appropriations during the year (Rs/Lacs)	AS AT 31/3/2008 (Rs/Lacs)
i) Share Premium	1450.00	715.86	-	2165.86
ii) Debenture Redemption Reserve	442.25	-	442.25	-
iii) General Reserve	-	442.25	17.99*	424.26
iv) Capital Reserve	359.70**	-	-	359.70
v) Revaluation Reserve	108.45	-	19.12	89.33
vi) Profit & Loss A/c	-	1,026.39	-	1026.39
	2360.40	2184.50	479.36	4065.54

*Rs.17.99 lacs has been appropriated from General Reserve on account of revised cost on valuation of gratuity and leave encashment as per revised Accounting Standard AS-15 on Employee Benefits.

**Net of adjustment of debit balance in Profit & Loss Account Rs.418.70 lacs .



PARTICULARS	(Rs /Lacs)	
	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007

SCHEDULE 3 - LOAN FUNDS

LOANS

SECURED LOANS:

i) Term Loans from Banks		
– Rupee	173.21	2651.98
– Foreign Currency	1372.30	1414.00
– Vehicle Loans	80.95	21.02
– Zero Coupon Non-Convertible Debentures (ZCNCDs) from Banks	–	1266.15
ii) Working Capital Loan from Banks		
– Rupee	44.73	3.38
– Foreign currency	1421.84	1453.85
iii) Interest accrued & Due	2.34	4.72
	3095.37	6815.10

- a) Term Loans from Banks amounting to Rs.98.73 lacs are secured by way of first charge on pari-passu basis on all immovable and movable assets of the Company, both present and future (save and except inventories and book debts) and except those mentioned at para (b) & (c) below subject to charges created/to be created in favour of Company's bankers by way of security for borrowings for Working Capital requirements in the ordinary course of business.
- b) Term Loans from banks include Rs.1446.78 lacs (previous year Rs.1461.54 lacs) and Vehicles Loans of Rs.80.95 lacs (previous year Rs.21.02 lacs) secured by way of exclusive first charge on specific assets.
- c) Working capital loans from scheduled banks are secured by way of hypothecation of stocks of raw material, work-in-progress, finished goods, stores & spares, other consumables and book debts of the company both present and future and by way of second charge on fixed assets of the company.
- d) Installments of term loans & vehicle loans due within next 12 months are Rs.607.74 lacs (previous year Rs.2309.81 lacs)
- e) The above loans except vehicle loans are further guaranteed by the three Promoter Directors in their personal capacity.

UNSECURED LOANS:

i) From Bodies Corporate	1200.00	600.00
ii) Dealers Deposits	75.61	72.37
iii) Interest Accrued & Due	23.44	4.44
	1299.05	676.81



SCHEDULE 4 - FIXED ASSETS

(Rs/Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.07	Additions	Sale/ Adjust- ments	As at 31.03.08	As at 01.04.07	For the PERIOD 31.03.08	Adjust- ments	TOTAL	As at 31.03.08	As at 31.03.07
Lease Hold Land	43.39	-	-	43.39	2.65	0.53	-	3.18	40.21	40.74
Free Hold Land	177.80	-	0.56	177.24	-	-	-	-	177.24	177.80
Factory Buildings	861.88	15.56	-	877.44	250.51	28.82	-	279.33	598.11	611.37
Non-Factory Buildings	570.85	-	-	570.85	93.03	9.31	-	102.34	468.51	477.82
Plant & Machinery	12832.37	77.50	-	12909.87	5409.28	681.19	-	6090.47	6819.40	7423.09
Office Equipments	87.02	3.92	-	90.94	29.05	4.24	-	33.29	57.65	57.97
Furniture & Fixtures	86.33	29.13	-	115.46	55.05	5.21	-	60.26	55.20	31.28
Computers	75.91	6.20	-	82.11	61.75	5.24	-	66.99	15.12	14.16
Vehicles	154.70	99.74	5.77	248.67*	56.13	15.90	2.11	69.92	178.75	98.57
Wind Mills	306.49	-	-	306.49*#	138.60	26.13**	-	164.73	141.76	167.87
	15196.74	232.05	6.33	15422.46	6096.05	776.57	2.11	6870.51	8551.95	9100.67
Capital Work in Progress	16.68	132.19 #	-	148.87	-	-	-	-	148.87	16.68
Grand Total	15213.42	364.24	6.33	15571.33	6096.05	776.57	2.11	6870.51	8700.82	9117.35
Previous Year	15105.35	137.49	46.10	15196.74	5353.36	763.95	21.24	6096.07	9100.67	9751.99

* Includes vehicles taken on hire purchase amounting to Rs.143.74 lacs (Upto Previous Year Rs.70.39 lacs)

Includes Interest and other expenses amounting to Rs.33.56 lacs (Previous Year Rs.Nil) (Refer Note No.14 to Schedule 21)

** Includes depreciation on revaluation reserves of Rs.19.12 lacs (previous year Rs.19.12 lacs)

*# Includes Rs.173.77 lacs (Previous Year Rs.173.77 lacs) being the amount added on revaluation as on November 13, 2003. Revaluation was carried out by external valuer as per 'Existing Use Value' method using prevailing market price of the assets.

SCHEDULE 5 - INVESTMENTS (AT COST)

LONG TERM NON TRADE (QUOTED)

**Fully Paid Equity Shares
(Face Value Rs. 10/- Each)**

PARTICULARS	AS AT MARCH 31, 2008		AS AT MARCH 31,2007	
	NO. OF SHARES	(Rs/Lacs)	NO. OF SHARES	(Rs/Lacs)
Tata Coffee Ltd.	5	0.03	5	0.03
B.S.I. Industries Ltd.	4,600	4.90	4,600	4.90
Cavalet India Ltd.	5,000	1.79	5,000	1.79
Montana International Ltd.	4,500	1.17	4,500	1.17
TOTAL:		7.89		7.89
Less: Provision for diminution in value		7.88		7.88
Total		0.01		0.01

Market value of quoted investments as on 31/03/2008 Rs.0.01 lac (Previous year Rs.0.01 lac)

CURRENT NON-TRADE (UNQUOTED)

**Units of Mutual Funds
(Face value of Rs. 10/ each)**

PARTICULARS	AS AT MARCH 31, 2008		AS AT MARCH 31,2007	
	NO. OF UNITS	(Rs/Lacs)	NO. OF UNITS	(Rs/Lacs)
Templeton India Liquid Plus Dividend Reinvestment Scheme	-	-	4,584	0.46
Total	-	-	4,584	0.46

5918160 units purchased and 5922744 units sold during the year.

Grand Total **0.01** **0.47**



PARTICULARS	(Rs /Lacs)	
	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 6 - INVENTORIES		
Raw Materials	1169.55	473.70
Stores, Spares& Consumables	287.95	210.59
Work in Progress	114.55	153.10
Finished Goods	919.72	706.06
Goods in Transit	69.48	-
	2561.25	1543.45
SCHEDULE 7 - SUNDRY DEBTORS		
(Unsecured, Considered Good unless otherwise stated)		
Exceeding 6 months	119.10	144.73
Others	1570.23	1018.82
Total Debtors	1689.33	1163.55
Less: Provision for doubtful debts	42.06	53.26
	1647.27	1110.29
SCHEDULE 8 - CASH & BANK BALANCES		
Cash in hand	15.54	15.07
Balances with Scheduled Bank -		
- In Current Accounts	10.36	17.06
- In Fixed Deposits (pledged with banks as Margin Money)	152.04	45.99
- In Fixed Deposits (pledged with Sales Tax Department)	0.25	0.25
- Cheques in hand	-	56.02
	178.19	134.39
SCHEDULE 9 - LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in kind or value to be received (includes Rs.9.05 lacs given to employees, Previous year - Rs.10.67 lacs)	200.70	119.86
Balance with Excise Department	118.43	125.15
VAT Receivable	77.19	212.83
Security Deposits	27.13	20.57
Mat Credit entitlement recoverable	161.18	-
	584.63	478.41
SCHEDULE 10 - OTHER CURRENT ASSETS		
Interest receivable	2.36	3.64
Prepaid Expenses	40.62	35.07
DEPB Licenses/Customs Duty Advance	1.11	1.81
Claims Receivable	9.28	-
Expenses recoverable under Insurance Claim.	55.07	294.20
	108.44	334.72



PARTICULARS	(Rs /Lacs)	
	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 11 - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
- Acceptances	1149.38	629.15
- for Material	324.26	469.42
- for Services	46.68	39.26
- Micro/Small Enterprises (Refer Note 9 to Schedule 21)	-	-
- due to SSI Units.	-	2.36
Interest accrued, but not due	-	0.71
Advance from customers	45.44	106.75
Excise Duty/Service Tax Payable	0.14	0.48
Others	401.27	315.99
	1967.17	1564.12
PROVISIONS		
Gratuity	74.94	47.11
Leave Encashment	32.09	20.29
Income Tax (MAT) (Net of Advance Tax/TDS of Rs.133.51 lacs) (Previous Year Rs.10.59 lacs)	12.39	4.69
Fringe Benefit Tax(Net of Advance Tax of Rs.8.00 lacs,previous year Rs.6.17 lacs)	1.25	0.56
Proposed dividend on Preference Shares	21.76	-
Tax on proposed dividend on Preference Shares	3.70	-
	146.13	72.65
TOTAL	2113.30	1636.77-
SCHEDULE 12 - MISCELLANEOUS EXPENDITURE		
Capital Issue Expenses	10.00	-
Less: Written off during the year	2.00	-
	8.00	-
	YEAR ENDED MARCH 31, 2008	YEAR ENDED MARCH 31, 2007
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT		
SCHEDULE 13 - SALES/INCOME FROM OPERATIONS		
Sales	37616.49	32565.29
Job Work	18.86	52.16
Export Incentives	-	51.09
Sale of Scrap	23.96	25.37
	37659.31	32693.91



PARTICULARS	(Rs /Lacs)	
	YEAR ENDED MARCH 31, 2008	YEAR ENDED MARCH 31, 2007
SCHEDULE 14 - OTHER INCOME		
Dividend (On current investment, non trade)	0.98	2.44
Balances written back (Net)	11.55	3.91
Miscellaneous Receipts	0.30	0.17
	12.83	6.52
SCHEDULE 15 - INCREASE/(DECREASE) IN STOCK		
Opening Stock of Finished Goods and Work in Progress	859.15	1210.66
Closing Stock of Finished Goods and Work in Progress	1034.27	859.16
	175.12	(351.50)
SCHEDULE—16 COST OF MATERIAL CONSUMED		
Raw Material	28073.60	24444.82
(Includes exchange fluctuation of Rs.0.28 lacs, Previous year Rs.22.55 lacs)		
Consumables	125.48	152.77
Store & Spares	186.21	306.68
Packing Material	759.35	958.25
Goods for resale	89.81	36.15
	29234.45	25898.67
SCHEDULE 17 - MANUFACTURING & ADMINISTRATION EXPENSES		
Repair & Maintenance - Machinery	59.14	45.74
- Building	45.48	28.96
- Others	34.91	30.69
Electricity expenses	16.82	15.26
Power & Fuel	1539.18	1389.65
Rates & Taxes	6.42	13.41
Printing & Stationery	11.87	11.48
Postage, Telephone & Telegram	26.92	26.89
Rent	44.26	50.32
Travelling & Conveyance	49.45	73.70
Vehicle Running & Maintenance	23.29	18.59
Legal & Professional Charges	20.96	23.79
Auditor's Remuneration (Net of Service Tax)	3.11	2.18
Insurance Expenses	39.52	43.93
Director's Sitting Fees	0.34	0.24
Security Services	2.76	4.20
General Expenses	9.10	4.73
Miscellaneous Expenditure Written off	2.00	-
Donation	0.15	0.41
Advertisement & Publicity	6.21	3.52
Membership Fees & Subscriptions	1.85	2.62
(Profit)/Loss on Sales of Fixed Assets	(2.61)	8.61
Loss on Foreign Exchange Fluctuation	4.31	1.03
	1945.44	1799.95
SCHEDULE 18 - PAYMENT & BENEFITS TO EMPLOYEES		
Salary & Allowances	614.53	594.13
Employer's Contribution to PF ,ESI & other funds	33.93	32.54
Other Benefits	133.70	151.51
	782.16	778.18



PARTICULARS	(Rs /Lacs)	
	YEAR ENDED MARCH 31, 2008	YEAR ENDED MARCH 31, 2007
SCHEDULE 19 - SELLING EXPENSES		
Market Development	12.95	10.59
Freight Outward	27.78	91.73
Commission, Discount & Rebates	95.42	46.84
Bad Debts Written off	23.86	24.46
Provision for doubtful debts	(11.21)	(6.67)
	148.80	166.95
SCHEDULE 20 - FINANCIAL CHARGES		
Interest on Term Loans	243.52	193.15
Interest on Working Capital Loans & Others	276.44	254.79
Bank Charges	64.37	71.60
Exchange Fluctuation on FCL	37.46	37.33
	621.79	556.87
Less: Interest received on FDRs (TDS Rs.2.30 lacs PY Rs.2.27 lacs)	9.49	13.82
Interest received from others	37.72	17.59
Net Financial Expenses	574.58	525.46

SCHEDULE-21 –SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. NATURE OF OPERATION

Filatex India Ltd. is a manufacturer of Polyester, Nylon & Poly propylene Multi & Mono Filament Yarn and generates Wind Electricity.

II. SIGNIFICANT ACCOUNTING POLICIES

- a) The financial statements are prepared under the historical cost convention in compliance with the Accounting Standards specified to be mandatory by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- b) Fixed Assets & Depreciation:
 - i) Expenditure on capitalization are net of cost which comprises of purchase price (net of rebates, discounts & cenvat) levies and any other directly attributable costs of bringing the asset to its working condition for the intended use & includes interest on funds borrowed specially for the purpose, for the period up to commissioning/installation of the assets.
 - ii) Depreciation has been provided on straight-line method on pro-rata basis at the rates & manner prescribed in Schedule XIV of the Companies Act, 1956.
 - iii) Depreciation on leasehold land is provided over the remaining useful life of the assets.
 - iv) Upon completion of the lease period, certain fixed assets have been revalued as per the report of Valuer. Depreciation on the additions made to such assets on revaluation is provided in the remaining useful life of the assets. The remaining useful life of the assets is calculated on the basis of date of installation as date of addition. Such depreciation is adjusted against the revaluation reserve.
- c) i) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) Exchange Differences:

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Exchange differences arising in respect of fixed assets acquired from outside India before accounting period commencing after December 7, 2006 are capitalized as a part of fixed asset.
- iii) Exchange fluctuation on Forward Exchange Contract is provided over the period of contract.
- iv) Financial derivatives and hedging contracts are accounted on the date of their settlement and realized gain/loss in respect of settled contracts are recognized in the profit and loss account, along with the underlying transactions.



- d) Inventories are valued as follows:
- Raw Material & Others**
Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost is determined on First In First Out (FIFO) basis.
- Work in Progress and Finished Goods**
Lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
- By Products and Waste** Net realisable value.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.
- e) Investments are stated at Cost less provision for diminution in value.
- f) **Adoption of Accounting Standard -AS 15 (revised) –Employees Benefits**
The company was providing for Gratuity and Leave encashment based on Actuarial Valuation as on Balance Sheet date. In current year, the company has adopted the Accounting Standard AS-15 (revised), which is mandatory from accounting periods commencing on or after 07.12.2006. Accordingly the company has provided for Gratuity and long term compensated absences based on actuarial valuation done as per "Projected Unit Credit" method. Further in accordance with the transitional provision in the revised accounting standard, Rs 17.99 lacs in respect of Gratuity and Leave Encashment have been appropriated from General Reserve. These changes are not having material impact on the profit of the current year.
- g) **Revenue Recognition**
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured.
- Sale of Goods**
Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are net of return, volume discount, trade discounts & sales tax including excise duty.
- Export Benefits:**
Export benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB) and Advance License Scheme are accounted for on accrual basis.
- Interest:**
Revenue is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- h) **Borrowing cost:-** Interest & other costs incurred by the company in connection with the borrowing of funds are recognised as expenses during the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.
- i) **Accounting for Taxes on Income:** Provision for tax on income is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.
- j) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.
Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.
- k) Intangible assets, software etc. are accounted at their cost of acquisition and amortised over their estimated economic life not exceeding 10 years. Leasehold improvements are charged to the Profit & Loss Account over the primary period of lease.
- l) A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.



m) **Earnings Per Share (EPS):**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earnings per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year and adjusted for the effects of all dilutive potential Equity Shares.

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

III. NOTES TO ACCOUNTS:

1. (i) Contingent liabilities not provided for in respect of: (Rs/Lacs)

PARTICULARS	Year Ended March 31, 2008	Year Ended March 31, 2007
a) Unexpired Letter of Guarantees	188.00	191.51
b) Excise/Customs	789.17	260.96
c) Sales Tax demand	0.79	0.79
d) Claims not acknowledged as debts	54.26	-

2. Capital Commitments :-

Capital contracts remaining to be executed (net of payments) and not provided for:- Rs.1343.12 lacs (Previous year- Rs.6.82 lacs)

3. During the Financial Year ended March 31, 2007, a fire broke at company's POY unit at Dadra, which affected some of its POY production lines. The company has lodged its claim with the insurers who are in the process of settlement of claim. Major part of the affected POY lines had been repaired and production restored on such lines during the last year itself. The company has, in aggregate, incurred an amount of Rs.612.26 lacs, out of which an amount of Rs.103.58 lacs had been charged to Profit & Loss Account during the last year being not recoverable. The Company has received an on account payment of Rs.435.00 lacs from the insurers pending finalisation of the insurance claim. The ongoing expenses incurred by the company for repairs & restoration of the affected machines and on account payment received by the company from the insurers have been carried forward to be set off against the final claim.

4. During the Financial year ended March 31, 2007, the company had entered into a Negotiated Settlement of Dues with IDBI Limited (including erstwhile IDBI Bank Limited) envisaging payment of Rs.2750 lacs, issuance of equity shares of Rs.200 lacs as per SEBI stipulated pricing formula and issuance of Non Convertible Cumulative Redeemable Preference Shares of Rs.1250 lacs. The company has made full payment of Rs.2750 lacs and also issued the relevant instruments to IDBI Limited and settled their dues in full as per terms & conditions of the Negotiated Settlement of Dues.

During the Financial year ended March 31, 2008, the company had entered into a Negotiated Settlement of Dues with ICICI Bank Limited and has made payment of Rs.46.00 lacs in full & final settlement of their total dues of Rs.51.26 lacs as per terms & conditions of the Negotiated Settlement of Dues.

5. Auditor's Remuneration

(Rs./ Lacs)

PARTICULARS	Year Ended March 31, 2008	Year Ended March 31, 2007
a) Audit Fees	2.81	1.80
b) Tax Audit Fees	0.56	0.45
c) Out of Pocket Expenses	0.11	0.18
	3.48	2.43

Note : Auditors Remuneration includes service tax of Rs. 0.37 lacs (previous year Rs. 0.25 lacs)



(Rs./ Lacs)		
6. Managerial Remuneration:	Year Ended March 31, 2008	Year Ended March 31, 2007
PARTICULARS		
a) Salary & Allowances	22.08	22.08
b) Employer's Contribution to PF	0.28	0.28
c) Value of Perquisites	8.54	6.03
d) Commission	41.41	-
	72.31	28.39

Managing & each of Joint Managing Directors are covered under the company's Gratuity and Leave encashment rules with the other employees of the company. The gratuity and leave encashment liabilities are determined for all the employees on an independent actuarial valuation. Such liabilities for these Directors cannot be ascertained separately and therefore the same has not been included in the above note.

7. Computation of Net Profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956. (Rs/lacs)

Profit before Taxation	1297.02
Add: Provision for Doubtful Debts	11.64
Profit on sale of assets as per Sec.350 of the Companies Act	2.10
Managerial Remuneration	30.90
Commission	41.41
	1383.07
Less: Profit on sale of assets	2.61
Net Profit for the year available for Commission	1380.46
Commission @ 1% of Net Profit to Managing Director & the Joint Managing Directors.	41.41

8. Prior period expenses (Net) Rs.2.63 lacs comprises of interest Rs.2.15 lacs, sales Tax Rs.0.25 lacs & others Rs.0.24 lacs. (Previous year Rs. 1.85 lacs towards FBT Rs.1.65 lacs & other expenses of Rs.0.20 lacs).
9. The Company has not received representation from any supplier confirming registration under "The Micro, Small & Medium Enterprises Development Act 2006". Accordingly, no provision for interest is required to be made.
10. Earnings Per Share (EPS) computed in accordance with AS-20 on 'Earnings Per Share'

(Rs/Lacs)		
Description	Year Ended March 31, 2008	Year Ended March 31, 2007
i) Net Profit after Tax	1051.84	(399.66)
Less: Adjustment for proposed dividend on Preference shares for the year and tax thereon and exceptional items	6.04	-
Used as Numerator	1045.80	(399.66)
ii) Net Profit after Tax	1051.84	294.81
Less: Adjustment for proposed dividend on Preference shares for the year and tax thereon	0.78	-
Used as Numerator	1051.06	294.81
iii) Weighted average number of shares (No.in lacs) used as Denominator for calculating basic EPS	152.89	123.00
iv) EPS-Basic/Diluted before exceptional items (in Rupees)	6.84	(3.26)
EPS-Basic/Diluted after exceptional items (in Rupees)	6.87	2.40



11. Details of Deferred Tax Liabilities / (Assets) are as under:

(Rs/Lacs)

SN	Description	As on March 31, 2008	As on March 31, 2007
(a)	Deferred Liabilities: Timing difference on account of Depreciation	4616.20	4596.49
(b)	Deferred Assets: - Un-absorbed Depreciation & Business Losses - Disallowance u/s 43B of Income Tax - Provision for doubtful debts	3703.60 131.46 42.07	5211.38 113.62 53.26
	Total Deferred Assets:	3877.13	5378.26
(c)	Net Deferred Liabilities / (Assets)	739.07	(781.77)
(d)	Deferred Tax Liabilities /(Assets)	251.21	(263.14)

12. Segment reporting as defined in Accounting Standard 17 is not applicable as the Company is primarily engaged in manufacture of Synthetic Yarn & Textiles except Wind Power Generation whose Turnover/Profits/Assets constitute an insignificant percentage of the total Turnover/Profits/Assets of the Company.

13. Additional information pursuant to the provisions of paragraph 3,4C & 4D of part II of the Schedule-VI of the Companies Act, 1956 (as certified by the Management):

A) Details of Capacity & Production

Class of Goods	Unit	Licensed Capacity	Installed Capacity (\$)		Actual Production	
			Year Ended March 31,2008	Year Ended March 31,2007	Year Ended March 31, 2008	Year Ended March 31,2007
Polyester, Nylon & Polypropylene Monofilament Yarn	MT	#	1500	1500	**1476.873	**1453.919
Polyester & Polypropylene Filament Yarn	MT	#	58585*	58585*	***52509.442	***45620.208
Wind Electricity	MW	#	1	1	13.71	4.23

Delicensed

\$ Being a technical matter relied upon by auditors as certified by the management.

* Calculated at standard denier of 126 POY

** Includes Job Work of 97.749 MTs (Previous year 253.034 MTs)

*** Includes Captive Consumption of 5802.051 MTs (Previous year 5271.828 MTs)

B) Raw Materials Consumed (excluding traded goods)

*Item	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Quantity (MTs)	Value (Rs/Lacs)	Quantity (MTs)	Value (Rs/Lacs)
Polyester Chips	41036.423	22641.43	35069.683	19460.29
Nylon Chips	172.251	222.56	148.821	201.38
Polypropylene Chips	7166.663	4568.14	6583.688	4191.93
Partially Oriented Yarn	28.544	21.44	0.096	0.07
Others	—	1691.08	—	2008.84



C) Particulars in respect of goods dealt with by the Company (Value/Rs/Lacs)

ITEMS	Opening Stock		Qty(MTs)	Sales Value	Closing Stock	
	Qty(MTs)	Value			Qty(MTs)	Value
(i) Manufactured Goods						
Polyester, Nylon & Poly propylene Monofilament Yarn	69.796 (35.336)	84.74 (48.07)	*1450.888 (1419.458)	*1835.09 (1512.08)	95.781 (69.796)	92.02 (84.74)
Polyester & Polypropylene Filament Yarn	812.512 (1370.741)	618.69 (1014.37)	46309.984 (40906.609)	35582.46 (31043.68)	1209.922 (812.512)	825.39 (618.69)
Wind Electricity	— (—)	— (—)	13.71 (4.23) (lacs/units)	36.68 (11.27)	— (—)	— (—)
Waste/Scrap	— (—)	2.62 (1.97)	— (—)	114.29 (92.26)	— (—)	2.31 (2.63)
TOTAL	882.308 (1406.077)	706.05 (1064.41)	47760.872 (42326.067)	37568.52 (32659.29)	1305.703 (882.308)	919.72 (706.06)

Note: Figures given in brackets are for previous year.

* Includes job work sale quantity 97.749 MTs amounting to Rs.18.86 lacs (Previous year 253.034 MTs amounting to Rs.52.16 lacs)

(Value/Rs/Lacs)

ITEMS	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (MTs)	Value	Qty (MTs)	Value	Qty (Mts)	Value	Qty (MTs)	Value
(ii) Traded Goods								
Synthetic Filament Yarn	— (—)	— (—)	— (7.095)	— (1.32)	— (7.095)	— (1.32)	— (—)	— (—)
Polyester Chips (High Seas)	— (—)	— (—)	— (80.000)	— (34.84)	— (80.000)	— (33.30)	— (—)	— (—)
Spin Finish Oil (High Seas)	— (—)	— (—)	96.000 (—)	89.81 (—)	96.000 (—)	90.80 (—)	— (—)	— (—)
			— (—)	89.81 (36.16)		90.80 (34.62)	— (—)	— (—)

Note : Figures given in brackets are for previous year.

D) Value of imported and indigenous raw materials consumed & percentage thereof.

DESCRIPTION	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Value (Rs/lacs)	Percentage	Value (Rs/Lacs)	Percentage
i) Raw Materials				
– Imported	716.56	2.55	7670.27	31.38
– Indigenous	27357.04	97.45	16774.55	68.62
	28073.60	100.00	24444.82	100.00
ii) Consumable/ Spares				
– Imported	22.17	7.11	87.60	19.07
– Indigenous	289.52	92.89	371.85	80.93
	311.69	100.00	459.45	100.00



E) Value of Imports on CIF Basis (Rs/Lacs)

PARTICULARS	Year Ended March 31, 2008	Year Ended March 31, 2007
i) Raw Materials*	669.87	6033.57
(ii) Capital Goods	58.77	11.79
(iii) Consumable/Spares	76.53	47.29

* Includes overseas merchanting trade of Rs.89.81 lacs (previous year Rs.34.84 lacs)

F) Expenditure in Foreign Currency (Payment Basis)

i) Foreign Travel	30.47	21.33
ii) Commission	2.13	6.18
iii) Foreign Bank Charges	1.20	0.92

G) Earnings in Foreign Exchange

FOB Value of Export of Goods (excluding deemed exports)	146.33	756.57
--	--------	--------

14. CWIP includes pre-operative expenses as detailed below : (Rs/Lacs)

PARTICULARS	Year Ended March 31, 2008	Year Ended March 31, 2007
a) Interest & Bank Charges	9.65	-
b) Upfront Fee	10.00	-
c) Traveling Expenses	13.91	-
Total	33.56	-

15. Derivative Instruments and Unhedged Foreign Currency Exposure

i) Forward contract outstanding as at Balance Sheet date.

Particulars of Derivatives		March 31, 2008	March 31, 2007	Purpose
Buy	USD	69,93,495	62,76,021	Forward cover for FCTL & FCL

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

Particulars	Amount in foreign Currency (USD)		Amount (Rs. In lacs)	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Import Creditors	42,450	3,57,750	17.04	56.33
Export Debtors	34,798	1,93,834	13.81	99.93

iii) Premium for forward cover for unexpired period - Rs.10.83 lacs has been carried over to next year (Previous year Rs.12.08 lacs has been charged to profit & loss account)

iv) Exchange difference of foreign currency transactions Rs.42.05 lacs (Previous Year Rs.60.91 lacs) has been charged to profits of the company.

16. Related Party Disclosure:

(i) List of related parties with whom transactions have taken place and relationships:

a) Key managerial personnel:

- Shri Madhu Sudhan Bhageria
- Shri Purshottam Bhaggeria
- Shri Madhav Bhageria

b) Relative of key managerial personnel:

- Shri Ram Avtar Bhageria (Father of related parties mentioned at (a) above.

c) Enterprises owned or significantly influenced by key managerial personnel:

- M/s Ram Avtar Bhageria (HUF)
- M/s Madhu Sudhan Bhageria (HUF)
- M/s Purshottam Bhaggeria (HUF)
- M/s Madhav Bhageria (HUF)
- M/s Azimuth Investments Limited



(ii) Transactions during the year with related parties :

(Rs/Lacs)

Nature of Transactions	Key Management Personnel	Relative of key managerial personnel	Enterprises owned or significantly influenced by key managerial personnel.
Rent	4.62 (9.58)	0.90 (2.04)	2.29 (2.29)
Loans taken	— (—)	— (—)	800.00 (1439.00)
Loans repaid	— (—)	— (—)	500.00 (839.00)
Interest paid	— (—)	— (—)	65.78 (11.78)
Amount outstanding as on 31/03/08	— (—)	— (—)	900.00 (600.00)
Managerial Remuneration	Refer Note No. 6		

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

17. An amount of Rs.743.17 lacs representing unabsorbed cenvat and service tax credits generated in the previous years due to excess of excise /service tax suffered on purchases is lying to the credit of the company in excise records, though the same had been charged to Profit & Loss Account of the relevant year as per prudent accounting norms. The company shall be entitled to avail the credit of the same in future where excise recoverable on finished goods exceeds the excise payable on purchases.
18. The company has issued following Equity Shares by way of Preferential Issue as per SEBI Guidelines and collected a sum of Rs.1200.00 lacs.
- (a) 8,41,397 Equity Shares of Rs.10/- each at a price of Rs.23.77 per Equity Share to IDBI Bank Limited in terms of the Negotiated Settlement of Dues,
- (b) 40,00,000 Equity Shares of Rs.10/- each at a price of Rs.25/- per Equity Share to others;
- and the amount raised has been utilized to make payment to IDBI Bank Limited in terms of the Negotiated Settlement of dues.
19. During the year, the company has adopted Accounting Standard 15 (Revised 2005) Employee Benefits. Accordingly, the company has provided long term employee benefits on the basis of actuarial valuation done as per "Projected Unit Credit Method". In accordance with the transitional provisions in the revised Accounting Standard, Rs.17.99 lac has been appropriated from the General Reserve Account.

PARTICULARS

As on 31.03.2008 (Rs/Lacs)

	Gratuity	Leave Wages
RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE PRESENT VALUE OF OBLIGATIONS :		
Present value of obligation at the beginning of the year	59.78	25.61
Current Service Cost	10.99	4.89
Interest Cost	4.63	1.98
Benefits paid	(4.98)	(4.63)
Net actuarial (Gain) / Loss recognized in the year	4.53	4.24
Present value of obligation at the end of the year	74.94	32.09



RECONCILIATION OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AND FAIR VALUE OF PLAN ASSETS :

Present value of obligation at the end of the year	74.94	32.09
Fair value of plant assets at the year end	—	—
Net Liability recognized in the Balance Sheet	74.94	32.09

COST OF THE YEAR :

Current service cost	10.99	4.89
Interest Cost	4.63	1.98
Net actuarial (Gain) / Loss recognized in the year	4.53	4.24
Net cost recognized during the year	20.15	11.11

ASSUMPTION :

Discount Rate	7.75%	7.75%
Rate of Increase in compensation	8.00%	8.00%

The service cost includes the impact of implementation of Accounting Standard AS-15 (revised) on employees benefits effective from 01.01.2007.

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

20. The company has taken various residential, office and warehouse premises under operating lease agreements. These are generally not non- cancelable and are renewable by mutual consent. There are no restriction imposed by lease agreements. There are no sub leases.

PARTICULARS	Year Ended March 31, 2008	Year Ended March 31, 2007
Total Lease payment for the year (charged to Profit & Loss Account)	50.22	50.51
Minimum lease payments not later than One year	55.22	46.60
Later than one year but not later than 5 years.	220.87	186.40
Later than 5 years	276.09	233.00

21. Figures have been rounded off to rupees in lacs.

22. Previous year figures have been re-grouped and/or rearranged wherever considered necessary.

The schedules referred to above and notes to accounts form an integral part of the Accounts

As per our report of even date attached
for AMOD AGRAWAL & ASSOCIATES
Chartered Accountants

VIRENDRA KUMAR
Partner
Membership No. 85380

Place : New Delhi
Date : 25.06.2008

SANJEEV GUPTA
Company Secretary

R P GUPTA
President (F & A)

for and on behalf of the Board

RAM AVTAR BHAGERIA
Chairman

MADHU SUDHAN BHAGERIA
Vice Chairman & Managing Director

PURRSHOTTAM BHAGGERIA
Joint Managing Director

S C PARIJA, Director

S P SETIA, Director

B B TANDON, Director



Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details:	
Registration No.	00091
State Code	54
Balance Sheet Date	31.03.2008
II. Capital Raised during the year	
Public Issue	—
Rights Issue	—
Bonus Issue	—
Conversion of Preference Shares into Equity	484.14
III. Position of Mobilisation & Deployment of Funds	
Total Liabilities	13788.61
Total Assets	13788.61
Source of Funds	
Paid-up Capital	2964.14
Reserves & Surplus	4065.54
Secured Loans	3095.37
Unsecured Loans	1299.05
Application of Funds	
Net Fixed Assets	8700.82
Investments	0.01
Net Current Assets	2715.27
Miscellaneous Expenditure	8.00
Accumulated Losses	—
IV. Performance of the Company :	
Total turnover (Net of Excise Duty)	34549.31
Total expenditure (Net of other income etc.)	33252.29
Profit/(Loss) before tax	1297.02
Provision for taxation (Net of MAT Credit Entitlement)	248.88
Profit/(Loss) after Tax	1051.84
Earning per share - Basic before exceptional items (in Rupees)	6.84
Basic after exceptional items (in Rupees)	6.87
Dividend Rate	NIL
V. Generic Name of Three Principal Products/Services of Company (as per monetary terms)	
Item Code No.	5402
Product Description	Synthetic Filament Yarn
Item Code No.	5404
Product Description	Polyester, Nylon & Polypropylene Monofilament Yarn

The schedules referred to above and notes to accounts form an integral part of the Accounts

As per our report of even date attached
for AMOD AGRAWAL & ASSOCIATES
Chartered Accountants

VIRENDRA KUMAR
Partner
Membership No. 85380

Place : New Delhi
Date : 25.06.2008

SANJEEV GUPTA
Company Secretary

R P GUPTA
President (F & A)

for and on behalf of the Board

RAM AVTAR BHAGERIA
Chairman

MADHU SUDHAN BHAGERIA
Vice Chairman & Managing Director

PURRSHOTTAM BHAGGERIA
Joint Managing Director

S C PARIJA, Director

S P SETIA, Director

B B TANDON, Director



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH, 2008

(Rs./Lacs)

PARTICULARS	Year ended March 31, 20087	Year ended March 31, 2007
A. Cash Flow from Operating Activities		
Net Profit before Tax & extra ordinary items	1297.02	316.82
Adjustments for :		
Depreciation	757.44	744.82
Interest (Net)	519.96	447.95
Interest Received	(47.22)	(31.41)
Adjustment for prior period expenses	2.63	1.85
Bad debts written off / provision of doubtful debts	12.65	17.99
Less: Profit/(Loss) on Sale of Fixed Assets	(2.61)	8.61
Interest written back	(5.26)	(799.90)
Less: Dividend received	(0.98)	(2.44)
Misc. Expenditure Written off	2.00	-
Operating Profit before Working Capital Changes	2535.63	704.29
Adjustments for :		
Trade & Other Receivables	(255.74)	(421.19)
Misc. Expenditure Written off	(10.00)	0.00
Provision for doubtful debts	(12.65)	(17.99)
Inventories	(1017.80)	1216.89
Trade Payables	419.43	(164.90)
Net Cash from Operating Activities	1658.87	1317.10
Net Prior year adjustment	2.63	1.85
Exceptional items	(5.26)	(799.90)
Direct Taxes paid	141.51	16.76
Net cash generated from operations	1519.99	2098.39
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(364.24)	(137.48)
Sale of Investments (Net)	0.46	0.40
Dividend received	0.98	2.44
Sale of Fixed Assets	6.83	16.25
Interest received	47.22	31.41
Net Cash used in Investing Activities	(308.75)	(86.98)
C. Cash Flow from Financing Activities		
Proceeds from Unsecured Loans	622.24	412.00
Proceeds from Short Term Borrowings	9.34	(590.92)
Proceeds from Long Term Loans	(3729.07)	(1355.03)
Interest Paid	(519.96)	(447.95)
Proceeds from issue of share capital	2450.00	-
Net Cash Flow from Financing Activities	(1167.45)	(1981.90)
Net Increase/(Decrease) in Cash & Cash Equivalent	43.80	29.51
Cash & Cash Equivalent in the beginning of the year	134.39	104.88
Cash & Cash Equivalent at the end of year	178.19	134.39

- Notes: 1. The above cash flow statement has been prepared under the indirect method setout in AS-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
 2. Figures in brackets indicate cash outgo
 3. Previous year figures have been regrouped wherever necessary.

for and on behalf of the Board

RAM AVTAR BHAGERIA
Chairman

MADHU SUDHAN BHAGERIA
Vice Chairman & Managing Director

PURRSHOTTAM BHAGGERIA
Joint Managing Director

S C PARIJA, Director

S P SETIA, Director

B B TANDON, Director

As per our report of even date attached
for **AMOD AGRAWAL & ASSOCIATES**
Chartered Accountants

VIRENDRA KUMAR
Partner
Membership No. 85380

SANJEEV GUPTA
Company Secretary

R P GUPTA
President (F & A)

Place : New Delhi
Date : 25.06.2008



FILATEX INDIA LIMITED

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

ADMISSION SLIP

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

LF. No./DP Id/Client Id	:
NAME OF THE MEMBER/PROXY	:

I HEREBY RECORD MY PRESENCE AT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON TUESDAY, 30TH SEPTEMBER 2008 AT 9.30 A.M. AT SURVEY NO. 274, DEMNI ROAD, DADRA (U.T. OF DADRA & NAGAR HAVELI) 396 191.

SIGNATURE OF THE MEMBER/PROXY:

NOTE: JOINTHOLDER(S) INTENDING TO ATTEND THE MEETING ARE REQUESTED TO OBTAIN ADDITIONAL ADMISSION SLIP FROM THE REGISTERED/CORPORATE OFFICE OF THE COMPANY ON OR BEFORE 28TH SEPTEMBER, 2008 TO AVOID INCONVENIENCE.

.....(Please tear here).....

PROXY FORM



FILATEX INDIA LIMITED

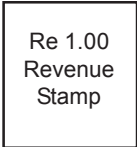
REGD. OFFICE: SURVEY NO.274, DEMNI ROAD, DADRA
(U.T. OF DADRA & NAGAR HAVELI) 396 191.

LF. No./DP Id/Client Id

I/WE _____ OF _____ BEING A MEMBER/MEMBERS OF THE ABOVE NAMED COMPANY, HEREBY APPOINT _____ OF _____ OR FAILING HIM _____ OF _____ AS MY/OUR PROXY TO ATTEND AND VOTE FOR ME/US ON MY/OUR BEHALF AT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON TUESDAY, 30TH SEPTEMBER 2008 AT 9.30 A.M. AT SURVEY NO. 274, DEMNI ROAD, DADRA (U.T. OF DADRA & NAGAR HAVELI) 396 191 AND AT ANY ADJOURNMENT THEREOF.

Signature _____

Date _____



Note: Proxy Form must reach the Company's Registered Office not less than 48 hours before the scheduled time of the Meeting.

BOOK POST

If undelivered, please return to :
FILATEX INDIA LIMITED
42, Community Centre,
New Friends Colony,
New Delhi-110 025