



# Filatex Fashions Ltd.

CIN: L51491TG1994PLC017158

Regd. Office: My Fair Gardens, 8-2-682/3/A & 3B Flat No 201,  
2nd Floor, Road No. 12, Banjara Hills Hyderabad, TG 500034.

Tel: 040-667948931, Fax No. 040-66748930

Website: [www.filatexfashionslimited.com](http://www.filatexfashionslimited.com), Email: [unisox@yahoo.com](mailto:unisox@yahoo.com)

## NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of FILATEX FASHIONS LIMITED (CIN: L51491TG1994PLC017158) will be held at 10.00. a.m. on Monday, the 24<sup>th</sup> day of December 2018 My Fair Gardens, 8-2-682/3/A & 3B Flat No 201, 2nd Floor, Road No.12, Banjara Hills Hyderabad TG 500034 to transact the following:

### ORDINARY BUSINESS:

To consider and if thought fit, to pass, with or without modification(s), the following resolutions, as Ordinary Resolutions:

#### 1. Adoption of Financial Statement

To receive consider and adopt the Audited Balance Sheet as at 31st March, 2018, Statement of Profit & Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Auditors and Directors thereon.

#### 2. To Re-appointment of Mrs. Sangeetha Sethia (DIN: 02600900), as a Director liable to retire by rotation:

**“RESOLVED THAT** Mrs. Sangeetha Sethia (DIN: 02600900), who retires by rotation and being eligible offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

#### 3. Appointment of M/s C M T & ASSOCIATES, Chartered Accountants, Hyderabad as Auditors of the Company and to fix their remuneration:

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, (including any re-enactment or modification thereto), and such other applicable provisions, if any, M/s C M T & Associates, Chartered Accountants, Hyderabad, with registration number 011515S be and are hereby appointed as the Statutory Auditors of the Company, at a remuneration as may be mutually agreed to, between the Board of Directors and M/s. C M T & Associates, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them, to hold office of Statutory Auditor till the conclusion of this 24th Annual General Meeting until the conclusion of 29<sup>th</sup> Annual General Meeting.

### SPECIAL BUSINESS:

#### 4. Regularization of Appointment of Mr. Om Prakash Sharma (DIN 02467963) as an Independent Non Executive Director:-

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149,152 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the



Companies Act, 2013, approval of the members of the company be and is hereby given to the appointment of Mr. Om Prakash Sharma (DIN 02467963), who was appointed by the Board of Directors as an Additional Non Executive Independent Director of the Company with effect from 24/04/2018 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and pursuant to the applicable Articles of Association of the company, and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria of the independent directorship as provided in section 149(6) of the Act and he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority, who is eligible for appointment, on recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Non-Executive Director of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation.

**RESOLVED FURTHER THAT** to give effect to this resolution the Board of Directors be and are hereby authorised to do all the acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

5. Regularization of Appointment of Mr. Vallam Setty Raghuram (DIN 08037371) as an Independent Non Executive Director:-

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149,152 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, approval of the members of the company be and is hereby given to the appointment of Mr. Vallam Setty Raghuram (DIN 08037371), who was appointed by the Board of Directors as an Additional Non Executive Independent Director of the Company with effect from 28/12/2017 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and pursuant to the applicable Articles of Association of the company, and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria of the independent directorship as provided in section 149(6) of the Act and he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority, who is eligible for appointment, on recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Non Executive Director of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation.

**RESOLVED FURTHER THAT** to give effect to this resolution the Board of Directors be and are hereby authorised to do all the acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

6. Regularization of Appointment of Mr. Mutyala Krishna Rao (DIN 08037400) as an Independent Non Executive Director:-



To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149,152 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, approval of the members of the company be and is hereby given to the appointment of Mr. Mutyala Krishna Rao (DIN 08037400), who was appointed by the Board of Directors as an Additional Non Executive Independent Director of the Company with effect from 28/12/2017 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and pursuant to the applicable Articles of Association of the company, and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria of the independent directorship as provided in section 149(6) of the Act and he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority, who is eligible for appointment, on recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Non Executive Director of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation.

**RESOLVED FURTHER THAT** to give effect to this resolution the Board of Directors be and are hereby authorised to do all the acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

Hyderabad,  
26<sup>th</sup> November, 2018.

By Order of the Board  
For **FILATEX FASHIONS LIMITED**

Prabhat Sethia (DIN 00699415)  
**Managing Director**

Registered office:  
My Fair Gardens,  
8-2-682/3/A & 3B Flat No 201,  
2<sup>nd</sup> Floor, Road No 12, Banjara Hills  
Hyderabad TG 500034  
Tel: 040-667948931, Fax No. 040-66748930

Pursuant to the Secretarial Standards notified by ICSI under Section 205 of the Companies Act, 2013 which is effective from 1<sup>st</sup> July, 2015, Shareholders may please note that no Gifts/ Compliments shall be distributed at the venue of the meeting. Shareholders are requested to note that accompanying guests/ family members other than shareholder/ proxy are not allowed to attend the meeting.



**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The notice of AGM is being sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from the depositories as on 23rd November, 2018.
4. Members are requested to update their preferred e-mail ids with the Company / DPs / RTA, which will be used for the purpose of future communications. Members whose e-mail id is not registered with the Company are being sent physical copies of the Notice of 24th Annual General Meeting, Annual Report, notice of e-voting etc. at their registered address through permitted mode.

Members whose e-mail ids are registered with the Company and who wish to receive printed copy of the Annual Report may send their request to the Company at its registered office address or to the RTA, M/s. Sharex Dynamic (India) Private Limited, Registered office: Unit -1, Luthra Ind. Premises, 1st Floor, 44-E, M Vasanti Marg, Andheri-Kurla Rd., Safed Pool, Andheri (E) Mumbai 400072.

5. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice and Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during the business hours up to the date of the Meeting.
8. The Company has notified that the Register of Members and Share Transfer Books will be closed from 19th December, 2018 to 26th December, 2018 (both days inclusive) in connection with the ensuing Annual General Meeting.
9. In terms of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, will be transferred as per the details mentioned below to the Investor Education and Protection Fund (IEPF).



Since the members who have not encashed their dividend warrant for respective financial years, are requested to write to the Company/Registrar and Share Transfer Agents before said below due date.

10. Details of Unclaimed Shares:

S.No.	Details of the Unpaid Dividend Accounts	Date of declaration	Due date to transfer to IEPF
1	Unpaid Dividend A/c 2010-11	Nil	Nil
2	Unpaid Dividend A/c 2011-12	Nil	Nil
3	Unpaid Dividend A/c 2012-13	Nil	Nil
4	Unpaid Dividend A/c 2013-14	Nil	Nil
5	Unpaid Dividend A/c 2014-15	Nil	Nil
6	Unpaid Dividend A/c 2015-16	Nil	Nil
7	Unpaid Dividend A/c 2015-16	Nil	Nil

The details of shares remaining unclaimed in the unclaimed suspense account are furnished in Corporate Governance Report forming part of this Annual Report.

11. Members holding shares in dematerialized mode are requested to instruct their respective Depository Participants regarding Bank Accounts in which they wish to receive the dividend. However, the Bank details as furnished by the respective Depositories to your Company will be used for the purpose of distribution of dividend and other entitlements through National Electronic Clearing Service (NECS) or any other method of direct credit as directed by the Stock Exchanges. Your Company/Registrar and Share Transfer Agents will not act on any direct request from Members holding shares in dematerialized form for change/deletion of such Bank details.
12. Members holding shares in physical form, are requested to inform the Company/ Registrar and Share Transfer Agents - Sharex Dynamic (India) Private Limited (Sharex) of any change in their addresses immediately for future communication at their correct addresses and Members holding shares in demat form are requested to notify change of address and bank mandates to their Depository Participants.
13. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Transfer Agents to enable them to consolidate their holdings into one folio.
14. As required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 brief information/resume, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding (in case of Non-executive Director) and relationships between directors inter-se, of Directors being appointed/reappointed, are annexed. Mr. Prabhat Sethia and Mrs. Sangeeta Setia are relatives of each other.
15. Members requiring any clarification/information on any report/statements, are requested to send their queries to the Registered Office of the Company, at least 10 days before the date of the AGM.
16. Members are requested to quote their folio numbers/ DP ID and Client ID numbers in all correspondence with the Company and the Registrar and Share Transfer Agent.



17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Sharex.
18. In compliance with the provisions of Section 108 of the Companies Act, 2013 and rules made thereunder read with Regulation 44 of SEBI (LODR) Regulations, 2015, Members have been provided with the facility to cast their vote electronically, through the e-voting services from a place other than the venue of the Meeting (“remote e-voting”) provided by Sharex Dynamic (India) Private Limited on all resolutions set forth in this Notice.
19. In terms of provisions of Section 107 of the Companies Act, 2013, since the Company is providing the facility of remote e-voting to the shareholders, there shall be no voting by show of hands at the AGM. The facility for ballot / polling paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be eligible to vote at the Meeting through ballot / polling paper.
20. The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered. The members who have cast their vote by remote e-voting may also attend the Meeting.
21. Notice of the 24th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants (s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same.
22. For members who have not registered their email address, physical copies of the Notice of the 24th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.
23. Mr. Vinod Sakaram, a Practising Company Secretary (ACS:23285; CP:8345) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
24. The remote e-voting facility will be available during the following period:  
Commencement of remote e-voting: From 10:00 a.m. (IST) on Dec 21, 2018  
End of remote e-voting : Upto 4:00 p.m. (IST) on Dec 23, 2018  
  
The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Sharex upon expiry of aforesaid period.
25. The voting rights of Members for e-voting and for physical voting at the meeting shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date i.e. 17th December, 2018.

26. person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date i.e. 17th December, 2018 shall only be entitled to avail the facility of remote e-voting / physical voting.

27. The instructions for e-voting are as under:

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 21-12-2018 10 AM and ends on 23-12-2018 04 PM During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 17th December 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:



For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li></ul>

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.



- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
30. The resolutions proposed will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolutions.

#### **Important Communication to Members**

In an effort to make the Earth a better place to live, the green movement has been sweeping all over the globe. Not only are individuals doing things to help the environment, companies and governments are as well. The Companies Act, 2013 is a step forward in promoting “Green Initiative” by providing for service of documents by a Company to its Members through electronic mode. The move of the Ministry allows public at large to contribute to the green movement. To support this green initiative of the Government in full measure, in order to save the natural resources, Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

#### **Details of Directors seeking re-appointment in the forthcoming Annual General Meeting (Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015)**



Name of the Director	SETHIA SANGEETA	OM PRAKASH SHARMA
Date of Birth	31/12/1964	19/09/1972
Date of Appointment	31/03/2015	24/04/2018
Qualification	B.Com.,	B.A.,
Expertise in specific functional area	Since is 1994 she is engaged with this Company as promoter of the Company	Trading and Marketing
Directorship in other Indian Public Limited Companies	Nil	Nil
Chairman (C) / Membership(M) of Committees in other Indian Public Limited Companies*	Nil	Nil
No of shares held in the Company	Nil	Nil
Relationship between Directors inter-se	Spouse of Mr. Prabhat Sethia, Managing Director	Nil

Name of the Director	VALLAM SETTY RAGHURAM	MUTYALA KRISHNA RAO
Date of Birth	01/07/1963	02/05/1976
Date of Appointment	28/12/2017	28/12/2017
Qualification	B.Com.,	Diploma in Mechanical Engineering
Expertise in specific functional area	Marketing of Socks	Engaged in Socks Industry since 1998
Directorship in other Indian Public Limited Companies	Nil	Nil
Chairman (C) / Membership(M) of Committees in other Indian Public Limited Companies*	Nil	Nil
No of shares held in the Company	Nil	Nil
Relationship between Directors inter-se	Nil	Nil

\* Only two Committees namely, Audit Committee and Stakeholders' Relationship Committee have been considered.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

##### ITEM NO. 2

SETHIA SANGEETA (DIN 02600900) As regards re-appointment of SETHIA SANGEETA referred to in item no. 2 of the Notice; following necessary disclosures are made for the information of the Members:

##### Information about the Appointee:

SETHIA SANGEETA, Aged 53, Graduate in Commerce, has more than 23 years of rich experience in the field of Spinning industry. He is providing guidance and mentoring the management of the company to execute and implement future growth strategy.

She holds no Equity Shares in the Company as on 31 March 2018. She is not disqualified from being re-appointed as a Director in terms of section 164 of the Act and will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company. She is not debarred from holding the office of director by virtue of any SEBI order or orders of any other such authority.

Disclosures of her relationship inter-se with other directors and on the number of Board Meetings attended by him are given above and also in the Annual Report.

She was first appointed on the Board with effect from the date 31/03/2015 and has not drawn any salary during the year.

He is not related to any of the Directors or Key Managerial Personnel of the Company, except Mr. Prabhat Sethia (Managing director), being spouse to him.

None of the Directors or Key Managerial Personnel or their relatives, except Mr. Prabhat Sethia, are concerned or interested in the said item. The Board commends item No. 2 of the Notice for approval by Shareholders.

#### **ITEM NO. 4**

Mr. Om Prakash Sharma (DIN-02467963) was appointed as an Additional Non Executive Independent Director w.e.f. 24/04/2018 in accordance with the provisions of Section 161 of the Companies Act, 2013. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. Nomination and Remuneration Committee has recommended regularization of Mr Om Prakash Sharma as an Independent Non Executive Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

#### **Section 149 and Section 152 inter alia specifies that:**

- (a) Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment for a further period of five years, subject to passing of Special Resolution by the Shareholders in General Meeting; and
- (b) An Independent Director shall not be liable to retire by rotation at the AGM.

In the opinion of the Board Mr. Om Prakash Sharma he is a person of integrity, possesses the relevant expertise and experience, fulfils the conditions specified in the said Act and the rules made there under and is independence of the management of the Company and He is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during Normal Business Hours on any working day.

Members may note that the requisite declarations under Section 149(7) of the Companies Act, 2013 have been furnished by the Independent Non Executive Directors confirming compliance with the provisions of Section 149 (6) of the Companies Act, 2013. Upon the confirmation of the appointment of him as Independent Non Executive Director by the Members of the Company, the appointment shall be formalized by the issue of a letter of appointment by the Company to the said Independent Non Executive Director. The Board accordingly recommends the Resolutions at Item No. 4 of this Notice for the approval of the Members as Ordinary Resolution.



None of the Directors or Key Managerial Personnel of the Company or their relatives other than Mr. Om Prakash Sharma is in any way concerned or interested, financially or otherwise, in the Resolution at Item No.4 of this Notice.

#### **ITEMNO. 5**

Mr. Vallam Setty Raghuram (DIN- 08037371) was appointed as an Additional Non Executive Independent Director w.e.f. 28/12/2017 in accordance with the provisions of Section 161 of the Companies Act, 2013. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. Nomination and Remuneration Committee has recommended regularization of Vallam Setty Raghuram as an Independent Non Executive Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

#### **Section 149 and Section 152 inter alia specifies that:**

- (a) Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment for a further period of five years, subject to passing of Special Resolution by the Shareholders in General Meeting; and
- (b) An Independent Director shall not be liable to retire by rotation at the AGM.

In the opinion of the Board Mr. Vallam Setty Raghuram he is a person of integrity, possesses the relevant expertise and experience, fulfils the conditions specified in the said Act and the rules made there under and is independence of the management of the Company and He is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during Normal Business Hours on any working day.

Members may note that the requisite declarations under Section 149(7) of the Companies Act, 2013 have been furnished by the Independent Non Executive Directors confirming compliance with the provisions of Section 149 (6) of the Companies Act, 2013. Upon the confirmation of the appointment of him as Independent Non Executive Director by the Members of the Company, the appointment shall be formalized by the issue of a letter of appointment by the Company to the said Independent Non Executive Director. The Board accordingly recommends the Resolutions at Item No. 5 of this Notice for the approval of the Members as Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives other than Mr. Vallam Setty Raghuram is in any way concerned or interested, financially or otherwise, in the Resolution at Item No.5 of this Notice.

#### **ITEMNO. 6**

Mr. Mutyala Krishna Rao (DIN- 08037400) was appointed as an Additional Non Executive Independent Director w.e.f. 28/12/2017 in accordance with the provisions of Section 161 of the Companies Act, 2013. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. Nomination and Remuneration Committee has recommended regularization of Mutyala Krishna Rao as an Independent Non Executive Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.



**Section 149 and Section 152 inter alia specifies that:**

- (a) Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment for a further period of five years, subject to passing of Special Resolution by the Shareholders in General Meeting; and
- (b) An Independent Director shall not be liable to retire by rotation at the AGM.

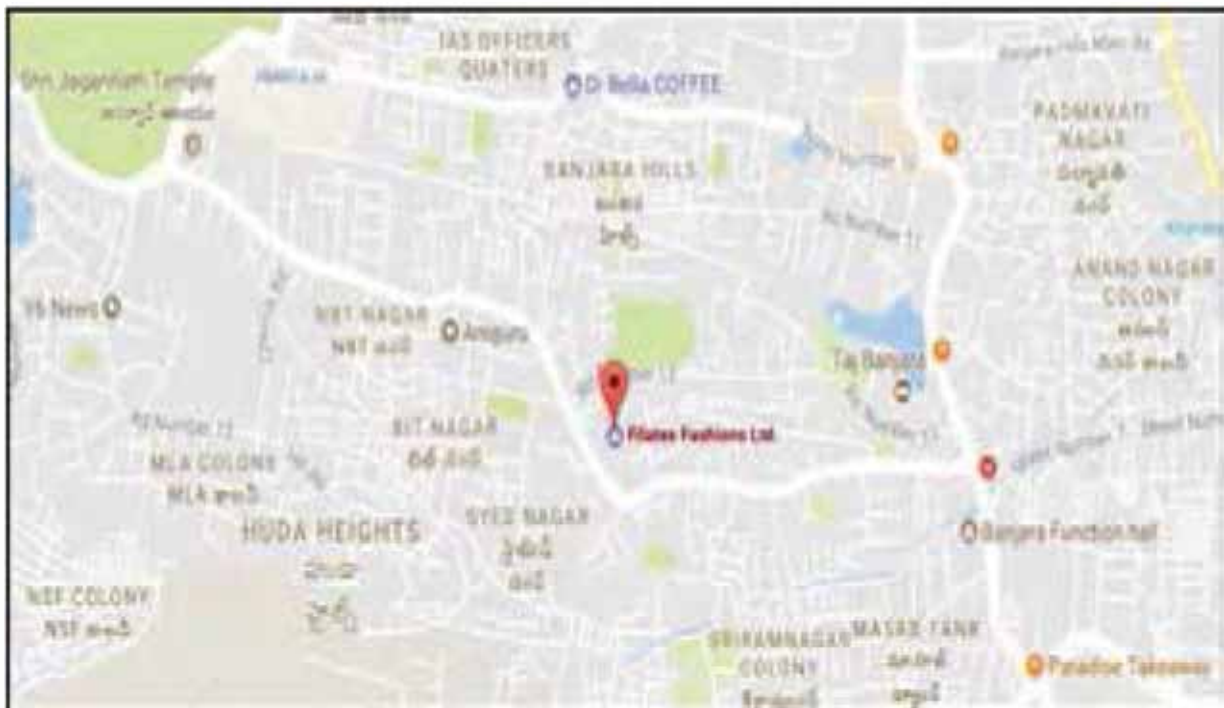
In the opinion of the Board Mr. Mutyala Krishna Rao he is a person of integrity, possesses the relevant expertise and experience, fulfils the conditions specified in the said Act and the rules made there under and is independence of the management of the Company and He is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during Normal Business Hours on any working day.

Members may note that the requisite declarations under Section 149(7) of the Companies Act, 2013 have been furnished by the Independent Non Executive Directors confirming compliance with the provisions of Section 149 (6) of the Companies Act, 2013. Upon the confirmation of the appointment of him as Independent Non Executive Director by the Members of the Company, the appointment shall be formalized by the issue of a letter of appointment by the Company to the said Independent Non Executive Director. The Board accordingly recommends the Resolutions at Item No. 6 of this Notice for the approval of the Members as Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives other than Mr. Mutyala Krishna Rao is in any way concerned or interested, financially or otherwise, in the Resolution at Item No. 6 of this Notice.

**MAPSHOWING VENUE OF A GM**





**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company will continue to be in the forefront of its diverse interests and sustain growth activities through emphasis on Total Quality Management, adoption of emerging technologies, innovation through research, good corporate governance, adherence to fair business practices and effective use of physical, technological, Research & Development (R&D), information and financial resources, thus fulfilling the aspirations of customers, shareholders, employees and financiers.

**2. BOARD OF DIRECTORS**

(A) **Composition:** The Board of Directors of the Company headed by a Non-executive Chairman consists of the following Directors as on 31st March, 2018 as indicated below:

<b>(i) Non-Executive Directors:</b>	
<b>(a) Promoter Group</b>	Mr. Prabhat Sethia
	Mrs. Sangeeta Sethia
<b>(b) Independent</b>	Mr. Sanjay I Bora
	Mr. Mutyala Krishna Rao
	Mr. Vallam Setty Raghuram
	Mr. Om Prakash Sharma (joined as additional Director on 24/04/2018).
	Mr. Norton Bothra (resigned as Director on 24/04/2018).

(B) Attendance of each director at the Board Meetings, last Annual General Meeting (AGM) and the details of membership/chairmanship of Directors in other Board and Board Committees:

Name of the Director	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships of other Board Committees*	Number of Chairmanships in other Board Committees*
Mr. Prabhat Sethia	7	Y	0	0
Mrs. Sangeeta Sethia	7	Y	0	0
Mr. Sanjay I Bora	7	Y	3	1
Mr. Norton Bohtra	7	Y	0	0
Mr. D. P. Kelkar	4	N	0	0
Mr. Subash Kothari	4	N	0	0
Mr. Mutyala Krishna Rao	2	N	2	0
Mr. Vallam Setty Raghuram	2	N	1	1
Mr. Om Prakash Sharma	0	N	3	1

## Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may take up any matter for consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

## Information placed before the Board

Apart from the items that are required to be placed before the Board for its approval, the following are also tabled for the Board's periodic review / information, as applicable:

- Performance against plan including business-wise financials in respect of revenue, profits, cash flow, balance sheet, investments and capital expenditure.
  - Periodic summary of all long term borrowings and applications thereof.
  - Internal Audit findings (through the Audit Committee).
  - Status of safety, security and legal compliance.
  - Status of business risk exposures, its management and related action plans.
  - Show cause, demand and adjudication notices, if any, from revenue authorities, which are considered material.
  - Information on strikes, lockouts, retrenchment, fatal accidents, etc., if any
  - Write offs / disposals (fixed assets, inventories, receivables, advances, etc.)
- (C) Brief profiles of the Directors being appointed/re-appointed have been given in the Directors' Report.  
 (D) Details of Board Meetings held during the Year 2017-18  
 (E)

Date of the Meeting	Board Strength	No. of Directors Present
30-05-2017	6	6
14-08-2017	6	6
01-09-2017	6	6
14-11-2017	6	6
28-12-2017	6	6
22-01-2018	6	6
14-02-2018	6	6

## Code of Conduct

The Board has laid down Code of Conduct for its Directors and Senior Management of the Company. The Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended 31st March, 2018. The Annual Report of the Company contains a Certificate duly signed by the Managing Director in this regard.



Mr. Sanjay I Bora held 500 equity shares (of Rs. 5/- each) and none of the other non-executive directors hold any shares in the Company.

### 3. AUDIT COMMITTEE

#### Terms of reference:

The terms of reference of Audit Committee encompass the requirements of Section 177 of Companies Act, 2013 and SEBI (LoDR) Regulations 2015.

#### The terms of reference inter-alia includes:

1. Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment and removal of external auditor and fixation of audit fees and also approval of payment for any other services.
3. Reviewing, with the management, the annual financial statements before submission to the Board focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and other legal requirements relating to financial statements.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with external auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. To Review in Company's financial and risk management policies.
10. To look into the reasons for substantial defaults in the payment to depositors, debenture holders.

#### Mandate, Role and Responsibilities of the Audit Committee:

As specified under the Companies Act, 2013, and the Rules made thereunder, Listing Agreement, SEBI Regulations and regulatory requirements that may come into force from time to time; and as may be mandated by the Board of Directors from time to time.



**Composition of the Audit Committee as on date of Directors Report :**

Name	Designation
Vallam Shetty Raghuram	Chairperson
Om Prakash Joshi	Member
Sanjay I Bora	Member

The Audit Committee consists of Independent Directors as members.

**Meetings and Attendance:**

Five Audit Committee Meetings were held during the year ended 31st March 2018. The maximum time gap between any of the two meetings was not more than four months.

**Audit Committee Meetings held during the year 2017-18 and attendance details:**

Date of the Meeting	Committee Strength	No. of Directors present
30-05-2017	3	3
14-08-2017	3	3
01-09-2017	3	3
14-11-2017	3	3
22-01-2018	3	3
14-02-2018	3	3

Managing Director, Chief Financial Officer and Vice President-Internal Audit are invitees for all the Audit Committee Meetings.

The Statutory Auditors of the Company are invited to join the Audit Committee in the meetings for discussing the financial results, financial statements and the Annual/Audited Accounts before placing it to the Board of Directors.

**4. NOMINATION & REMUNERATION COMMITTEE**

The terms of reference of Nomination & Remuneration Committee encompass the requirements of Section 178 of Companies Act, 2013 and SEBI (LoDR) Regulations 2015.

**The key role of this Committee is as follows:**

- Provide oversight on Strategic Human Capital issues.
- Search for, evaluate, shortlist and recommend the incumbent for the position of Managing Director and other Directors and their engagement terms to the Board.
- Evaluate and approve for appointment candidates recommended by Managing Directors for key senior positions.
- Review the Succession Plan for Critical Positions and suggest actions.



- Have the responsibility for setting the remuneration for the Managing Director and Whole Time Directors. Review remuneration for the Key Managerial Personnels of the Company. Remuneration in this context will include salary, and performance based variable component and any compensation payments, such as retiral benefits or stock options.

Further to the above the following additions were made by Board at its meeting held on 8th May 2014.

**Mandate, Role and Responsibilities of the Nomination and Remuneration Committee :**

As specified under the Companies Act, 2013, Rules under the Companies Act 2013, Listing Agreement, SEBI Regulations and regulatory requirements that may come into force from time to time; and as may be mandated by the Board of Directors from time to time.

**Composition of the Nomination and Remuneration Committee:**

Name	Designation
Sanjay I Bora	Chairman
Mutyala Krishna Rao	Member
Om Prakash Joshi	Member

**Meetings and Attendance**

Date of the Meeting	Committee Strength	No. of Directors present
30-05-2017	3	3
14-08-2017	3	3
01-09-2017	3	3
14-11-2017	3	3
14-02-2018	3	3
30-05-2017	3	3

**Remuneration policy -**

**i) For Managing Director**

**The total remuneration pursuant to shareholders approval consists of:**

- a fixed component – consisting of salary and perquisites
- a variable component by way commission as determined by the Board/Nomination and Remuneration Committee within the limits approved by the shareholders.

(Rs. in Lakhs)

Particulars	Managing Director
Salary (Including perquisites) CTC	09
Commission	Nil
Contribution to Provident Fund and Superannuation Fund	Included in above
Benefits	Nil
<b>Total</b>	<b>09.00</b>

Having regard to the fact that there is a global contribution to Gratuity Fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to Gratuity Fund has not been considered in the above computation.

Managing Director is under contract of employment with the company with three months' notice period from either side. There is no severance fee payable to the Executive Directors. The Company does not have any stock option scheme.

#### 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

##### Composition:

Name	Designation
Om Prakash Sharma	Chairman
Mutyala Krishna Rao	Member
Sanjay I Bora	Member

##### Meetings and Attendance

Date of the Meeting	Committee Strength	No. of Directors present
30-05-2017	3	3
14-08-2017	3	3
01-09-2017	3	3
14-11-2017	3	3
14-02-2018	3	3

The Stakeholders Relationship Committee specifically looks into redressing of shareholders/ investors complaints in matters such as transfer of shares, non-receipt of declared dividends and ensure expeditious share transfer process.

Number of Shareholders Complaints received during the year	:	0
Solved to the satisfaction of the shareholders	:	0
Number of pending Complaints	:	0



**Meetings Information Matrix :**

S.No.	Board Meeting	Audit Committee Meetings	Nomination	Stakeholders	CSR	Independent Directors
1.	30-05-2017	30-05-2017	30-05-2017	30-05-2017	NA	NIL
2.	14-08-2017	14-08-2017	14-08-2017	14-08-2017	NA	NIL
3.	01-09-2017	01-09-2017	01-09-2017	01-09-2017	01-09-2017	NIL
4.	14-11-2017	14-11-2017	14-11-2017	14-11-2017	NA	NIL
5.	28-12-2017	NA	NA	NA	NA	NIL
6.	22-01-2018	22-01-2018	NA	NA	NA	NIL
7.	14-02-2018	14-02-2018	14-02-2018	14-02-2018	NA	14-02-2018

AGM on 29<sup>th</sup> September, 2017 and EGM on 22<sup>nd</sup> March, 2018.

**GENERAL BODY MEETINGS**

Location, time and venue where last three Annual General Meetings were held:

Financial Year	Location of AGM	Date & Time of AGM
2016-17	8-2-682/3/A & 3B, Flat No. 201, 2 <sup>nd</sup> Floor, Road No.12 Banjara Hills Hyderabad 500034	29 <sup>th</sup> day of December 2017 at 10:00 AM
2015-16	8-2-682/3/A & 3B, Flat No. 201, 2 <sup>nd</sup> Floor, Road No.12 Banjara Hills Hyderabad 500034	30 <sup>th</sup> December, 2016 at 09:30 AM
2014-15	8-2-682/3/A & 3B, Flat No. 201, 2 <sup>nd</sup> Floor, Road No.12 Banjara Hills Hyderabad 500034	30 <sup>th</sup> September, 2015 at 10:30 AM

**Special Resolutions**

- I) During the year, resolutions Special Resolutions were passed at EGM
- II) During the year, resolutions were passed through postal ballot. Nil
- III) During the year One Extra-ordinary General Meeting were held.

**7. DISCLOSURES**

**Related Parties**

There were no materially significant related party transactions which may have potential conflict with the interests of the Company. The Company maintain a Register of Contracts containing the

transactions in which the directors are interested and same is place before the Board. Transactions with related parties as required under Accounting Standard 18, Related party transactions are disclosed in at relevant notes forming part of financial statements.

## **RISK MANAGEMENT**

The Company has laid down procedures to inform the Board of the Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically. Detailed report on Risk Management forms part of the Board's Report.

## **STRICTURES AND PENALTIES**

There were no strictures or penalties imposed on the Company by either Stock Exchanges or SEBI or any Statutory Authority for non-compliance on any matter related to Capital Market during the last three years.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In terms of the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism are displayed on the website of the Company. The Audit Committee reviews the functioning of the vigil / whistle blower mechanism from time to time. There were no allegations / disclosures / concerns received during the year under review in terms of the vigil mechanism established by the Company.

## **8. MEANS OF COMMUNICATION**

The quarterly unaudited results and annual audited results are published in Business Standard and in the local newspaper –and are displayed on the Website of the Company [www.filatexfashionsltd.com](http://www.filatexfashionsltd.com). Official press releases and official media releases are sent to Stock Exchanges and uploaded on the website of the Company.

The Management Discussion and Analysis Report forms part of the Directors' Report.

## **9. GENERAL SHAREHOLDERS INFORMATION**

### **Annual General Meeting:**

Date	-	24th December, 2018
Venue	-	8-2-682/3/A & 3B, Flat No. 201, 2nd Floor, Road No.12 Banjara Hills Hyderabad 500034.
Time	-	10:00AM

### **Financial Calendar (Tentative):**

- Unaudited results for 1st quarter of next Financial Year – by 14th August, 2018
- Unaudited results for 2nd quarter of next Financial Year – by 14th November, 2018
- Unaudited results for 3rd quarter of next Financial Year – by 14th February, 2019
- Audited results for next Financial Year – by 30th May, 2019

Date of Book Closure – 19th December, 2018 to 26th December, 2018 (both days inclusive)

Date of Dividend Payment – NA



Listing of Equity Shares – BSE Limited – Code 532022

**Market Price Data:** in respect of the Company's shares on BSE Limited, monthly high and low during the last Financial Year:

Month & Year	High (Rs.)	Low (Rs.)
April 2017	4.32	3.89
May 2017	4.12	3.75
June 2017	3.94	3.41
July 2017	4.44	3.53
August 2017	3.84	3.33
September 2017	3.80	3.12
October 2017	3.53	3.08
November 2017	3.57	3.18
December 2017	3.60	3.15
January 2018	3.59	3.01
February 2018	3.50	2.86
March 2018	3.40	2.40

**Details of Share Transfer System:**

The authority relating to approval of share transfers has been delegated to the Share Transfer Committee consisting of) The Committee has met four times during the year for approving transfers, transmissions, etc. Operations with regard to dematerialization are being complied with, in conformity with the regulations prescribed.

**Pattern of Shareholding as on 31st March 2018:**

Category	Number of Shareholders	No. of Shares	% of Shareholding
Promoters	5	14,86,505	5.12
Public : Institutional Investors:			
- Mutual Funds & UTI, Banks, Financial Institutions & Others			
Bodies Corporate	65	6137431	21.12
Indian Public	4113	2,14,30,609	73.76
Foreign Nationals/NRIs/ OCBs	-	-	-
Clearing Members	-	-	-
FII's	-	-	-
<b>GRAND TOTAL</b>	<b>4599</b>	<b>2,90,54,545</b>	<b>100.00</b>

The name and designation of

Compliance Officer: **Mr. Prabhat Sethia, Managing Director**

The Registrar and Share Transfer Agents are handling all the share transfers and related transactions.

As on 31st March 2018 there were no requests pending for demats / overdue beyond the due dates.

**Details of Addresses for Correspondence:**

Registered Office: 8-2-682/3/A & 3B, Flat No. 201, 2nd Floor, Road No.12 Banjara Hills Hyderabad 500034

**Registrar and Share Transfer Agents:** Sharex Dynamic (India) Private Limited, Registered office: Unit-1, Luthra Ind. Premises, 1st Floor, 44-E, M Vasanti Marg, Andheri-kurla Rd., Safed Pool, Andheri (E) Mumbai 400072

**ISIN for the Equity Shares:** INE 185E01013

**Dividend for the last three years:** Nil

**10. SUBSIDIARIES** Nil

**11. NON MANDATORY REQUIREMENTS:**

The Company has no separate positions for Chairman and Managing Director.

Presently, no other non-mandatory requirements have been adopted by the Company.

**By order of the Board of Directors**

Date: 26th November, 2018

Place : Hyderabad

**Prabhat Sethia**  
**Managing Director**



**REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT DISCUSSION  
AND ANALYSIS TO SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2018**

Your Directors have pleasure in presenting their 24th Annual Report and Audited Accounts for the year ended 31st March 2018.

**1. FINANCIAL RESULTS:**

	31 March 2018	31 March 2017
Profit Before Taxation	10,38,564	5,08,103
Tax expense:		
Current tax	5,87,850	6,00,000
Deferred tax	(1,68,806)	5,39,183
Profit/(loss) for the period	6,19,520	(6,31,080)

The Company has actively engaged in manufacturing of Socks and actively finding out the venues of e-commerce in the Fashions Industry.

**2. DIVIDEND**

No Dividend Recommended for the financial year.

**3. OPERATIONS**

The total turnover of the Company was Rs. 19.65 crores (previous year - Rs. 38.22 crores ). The profit before exceptional items and taxation was Rs.6,19,520/-.

**4. DIVISIONAL PERFORMANCE**

The Company operates in only one Business Operations

**5. CAPITAL**

The Company has not increased its Authorized Capital of the Company during the financial year and there is no change in the capital structure of the Company.

**6. INTERNAL CONTROL SYSTEMS**

Your Company has in place a robust Internal and Financial control systems which assists the Board and Management to fulfill business objectives, safeguards the shareholders' interest, financial transactions and company's assets. The primary objective of our internal control framework is to ensure that internal controls are established, properly documented, maintained and adhered to in each functional department for ensuring orderly and efficient conduct of business which includes proper use and protection of the Company's resources, accuracy in financial reporting, compliance with the statutes, timely feedback on achievement of operational and strategic goals. The Company's internal control system, "is driven by well" (defined policies and procedures across its business divisions. In addition the Company is ISO 9001:2008 compliant which provides added comfort to our business partners and regulatory bodies).

The Company has an Internal Audit function which provides the Audit Committee and the Board of



Directors an independent, objective and assurance of the adequacy, efficiency and effectiveness of the Organization's risk management, internal and financial control and corporate governance processes. The Audit Committee/Board approved annual audit plan prepared in consultation with business heads and inputs obtained from the Company's statutory auditors ensures coverage of significant areas of operations with a risk based approach in order to conduct the audit in an efficient and timely manner. Process reviews for critical functions at all locations are performed in accordance with the audit plan. The function also assesses opportunities for improvement in business processes, systems and controls; provides recommendations to the Senior Management.

The Audit Committee of the Board of Directors regularly meets to review the significant audit findings, action taken thereon, adequacy of internal and financial controls and implementation of various comprehensive policies. During the year, the Audit Committee met six times to review the reports submitted by the Internal Audit Department. The Audit Committee also regularly meets the Company's Statutory Auditors to ascertain their views on the business, adequacy of the internal control systems in the Company and their observations on the financial reports.

#### **9. PUBLIC DEPOSITS**

There are no outstanding public deposits at the beginning of the year under review. The Company has not accepted any public deposits during the year under review. The Board of Directors of the Company will consider accepting fresh public deposits at the appropriate time, in view of the regulatory changes under the Companies Act 2013.

#### **10. TAXATION**

The Company has paid up to date the Tax Liabilities other than those explained at point no. 7 of Annexure A to Auditors report.

#### **12. SUBSIDIARIES:**

The Company has no subsidiaries during the Financial year.

#### **13. HUMAN RESOURCES/ INDUSTRIAL RELATIONS:**

The Manufacturing unit has continued to maintain cordial industrial relations, with low absenteeism while maintaining output levels.

Programs were conducted to improve the competency levels of workmen.

#### **Staff Welfare**

The Unit has its commitment to recognizing employee performance by conducting employee of the Month awards to recognize exceptional performances by employees and inculcating a commitment to perform beyond the regular roles and responsibilities.

#### **Safety**

Various programmes have been conducted during the year covering Safety Awareness, Alteration Authority, Job Safety Analysis (JSA), Hazard Identification, Risk Assessment, Risk Control (HIRARC). In addition, Internal / External Safety Audits; First Aid Training; Fire & Safety aspects and Emergency Rescue methods, have helped to strengthen the overall safety and disaster management processes in the Hyderabad Factory.

#### **Preventive Health Check-ups**

As part of preventive healthcare, the Factory organized series of free medical check-ups, consisting of Diabetes, Cardiology, Orthopedic and General Medical Check up, to all the employees.



## Security

As part of enhanced security of the Unit and other assets of the, compound walls have been reinforced, height raised and fencing of barbed wire & concertina coils provided. Other measures include CC TV monitoring at Key areas especially magazines relaying of patrolling route, erection of watch towers and construction of additional Security Check posts, installation of tower flood lights for better night illumination, installation of guard monitoring systems for effective patrolling checks. Communication systems from magazines, watch towers through land lines have been streamlined. As such over the years considerable additions and precautions have been added to strengthen the Security of the Factory.

## Employment Practices

The Company believes in fair employment practices and is committed to provide an environment that ensures that every employee is treated with dignity and respect and afforded equitable treatment. The Company has a large proportion of women on the workforce and has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Company has not received complaints in this regard, during the year.

## 14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not provided any Loans, Guarantees or Investments during the Financial year,

## 15. OUTLOOK FOR THE CURRENT YEAR, OPPORTUNITIES AND THREATS

### Overview of the Economy:

The merchandise exports from India have remained stagnant between US \$ 302 to US \$ 314 billion in the last three financial years. India's share is a mere 2% in Global trade, where as that of China is around 11.7% (2013). The Foreign Trade Policy 2015-2020 announced in April 2015 has set a target of 3.5% by 2020-21 for India.

In the last two/three years, the exporting units were big beneficiaries of Indian rupee depreciation. The rupee has been strengthening against Several Currencies, resulting in erosion of both realisation and profit for exporters. This is one cause for the deceleration in exports

In Foreign Trade Policy 2015-2020 announced in April 2015, a new scheme named MEIS (Merchandise Exports From India Scheme) has been introduced where by the exporters will get incentive of 2% of FOB value in respect of merchandise falling under ITC (HS) code 61 - Knitted Apparels (including socks) exported to United Kingdom and United States of America etc (but not Switzerland and Gulf countries). This scheme is in substitution of earlier MLFP scheme (market linked focal product) which was off and on introduced and withdrawn.

### Industry Structure and Development

The Indian textile industry, including hosiery and clothing, is one of the leading sectors of the Indian economy and contributes significantly to the country's industrial output (14%). It employs 35 million people in direct employment and earns much needed foreign currency with 17% of India's exports coming from Textiles and Garments. Overall, it contributes around 5% to India's GDP.

Textiles and apparel exported from India consume mainly indigenous inputs and are, therefore, big earners of net foreign exchange. This helps the country reduce its current account deficit.

Value of socks manufactured in India is estimated around 3000 crores per annum. Many major socks

manufacturers in India are supplying their socks in the domestic market as licensees of international brands. Only a few supply under their own brand name.

### **Opportunities**

Your Company is well poised to seize opportunities available in the sock knitting industry on account of its state-of-the-art production facilities, technical expertise, good quality culture and emphasis on product innovation and growth potential.

Your Company is meeting international quality norms of comfort, stretch, sizing, skin care and other parameters essential for inner wear intimate apparel. They also meet the fashion demands in terms of design, different knits and multiple shades. The socks manufactured by your Company are sold in Supermarket Chains and upper end Retail Stores.

The growing young middle-class population is a source of great potential and provides immense opportunities to spurt growth in the sock industry in the future.

For duty drawback on export shipments, “cap per unit” was raised upwards (more than double, say 2.25-2.50

Your Company is knitting super sophisticated design socks for a reputed international brand selling socks in big outlets at high prices. This gives great goodwill to your Company, as the name of your Company is mentioned on the band rolls of the socks of that brand.

All major overseas customers of your Company insist on social audits to be carried out in the factory at least once in two years, by the internationally acclaimed “Business Social Compliance Initiative Agencies”. Such audits cover compensation to employees, health, safety, environment and management practices. New customers also insist on such audits to be conducted, before they start the business. The compliance of such audits to International Standards, brings healthy and ethical culture in working and creates goodwill of the Company among its clients. Your Company has successfully complied with many such audits and has thus ensured continuance of business with major clients for long periods.

### **Threats:**

Your Company derives about 91% of its revenue from the export market. Economic slowdown or decline in demand in the country of buyer of your Company's products will have adverse impact on the working of the Company.

In the international market, countries like Turkey have developed an edge over the Indian manufacturers due to reduced freight cost and much reduced delivery time. Besides, Turkey enjoys exemption of 10.6% custom duty in relation with EU countries. This has posed a threat to the Indian socks suppliers and may pressurize them to reduce prices and thereby squeeze their margins. Even Bangladesh enjoys exemption in import duty by virtue of its being a less developed country and exports goods at prices which Indian socks suppliers cannot compete.

The major challenge that the textile, apparel and hosiery industry faces is of ever increasing production costs arising out of rising wages, power and other overheads.

Rupee has become strong against several foreign currencies from mid 2014. This has already adversely impacted the topline and bottom line of the exporting units, when compared with their last two/three years' performances.

## **16. DIRECTORS**

In accordance with the provisions of the Companies Act 2013 and the Articles of Association of the



Company Mrs. Sangeetha Sethia retires by rotation at the 24<sup>rd</sup> Annual General Meeting of the Company and is eligible for reappointment.

The number and details of the meetings of the Board and other Committees are furnished in the Corporate Governance Report.

The Independent Directors have furnished declaration of independence under Section 149 of the Companies Act 2013.

#### **Familiarization Programme for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. through various programmes on a continuing basis. The Familiarisation programme for Independent Directors is disclosed on the Company's website.

#### **Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 14<sup>th</sup> Feb, 2018, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Clause 49 of the Listing Agreement. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors attended the Meeting of Independent Directors

#### **Board & Directors' Evaluation**

Pursuant to the provisions of the Companies Act 2013 and SEBI (LoDR) Regulations, 2015 of the Listing Agreement, the Board, its Committees and the Directors have carried out annual evaluation / annual performance evaluation, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Independent Directors was carried out by the entire Board.

**The Criteria for performance evaluation are follows:**

##### **Role & Accountability**

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Active engagement with the management and attentiveness to progress of decisions taken.

### Objectivity

- Non-partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

### Leadership & Initiative

- Heading Board Sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

### Personal Attributes

- Commitment to role & fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

### Directors' Appointment and Remuneration Policy

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on the industry and strategy of the Company and formulates the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and Clause 49 of the Listing Agreement. The Board has, on the recommendations of the Nomination & Remuneration Committee framed a policy for remuneration of the Directors and Key Managerial Personnel. The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of Company's stakeholders.

The Non-Executive Directors (NED) no sitting fee is paid to non-executive directors. NEDs are reimbursed any out of pocket expenses incurred by them in connection with the attendance of the Company's Meetings.

### PARTICULARS OF EMPLOYEES AND REMUNERATION

There are no employees in the company calling the information required under Section 197 (12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, The information required under Rule 5 (2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 17. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as 'Annexure to the Directors Report'.

### 18. INFORMATION ON STOCK EXCHANGES

The Equity shares of the Company are listed on BSE Limited and the Listing Fees have been paid to them up-to-date.



## 19. CORPORATE GOVERNANCE

A detailed report on the subject forms part of this report. The Statutory Auditors of the Company have examined the Company's compliance and have certified the same as required under the SEBI Guidelines. Such certificate is reproduced in this Annual Report.

## 20. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 of the Companies Act 2013:

- (a) that in the preparation of the annual accounts/financial statements for the financial year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) that the accounting policies as mentioned in the financial statements were selected and applied consistently and reasonable and prudent judgments and estimates were made 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 and loss of the company for that period;
- (c) that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts were prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- (f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## 21. AUDITORS

### Statutory / Financial Audit

M/s N G Rao and Associates, Chartered Accountants retire at the ensuing Annual General Meeting and the company proposes to appoint M/s. CMT Associates as statutory Auditors of the Company for the period of 5 years. The Company has received confirmation that their appointment will be within the limits prescribed under Section 139 of the Companies Act, 2013/.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Vinod Sakaram, a Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as 'Annexure to the Directors Report'.

## 22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act 2013 and other applicable provisions, the Company has constituted Corporate Social Responsibility Committee consisting of Mr. Sanjay I Bora, Chairman of the Committee (Independent Director), Mr. Prabhat Sethia (Executive Director and Chairman of the Company) and Mr. Mutyala Krishna Rao (Independent Director) as the Members of the Committee.

The Committee met once during the year and laid down the policy on Corporate Social Responsibility stating therein the objectives, implementation and other issues pertaining to the achievement of the CSR objectives of the Company.

The businesses of the Company do not have eligible profit on aggregate basis during the last three financial years.

The CSR Policy of the Company is displayed on the website of the Company.

### **23. VIGILMECHANISM/WHISTLEBLOWERPOLICY**

In terms of the requirements of the Companies Act 2013 and Clause 49 of the Listing Agreement, the Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism are displayed on the website of the Company. The Audit Committee reviews the functioning of the vigil / whistle blower mechanism from time to time. There were no allegations / disclosures / concerns received during the year under review in terms of the vigil mechanism established by the Company.

### **24. RELATED PARTY TRANSACTIONS**

No related party transactions / arrangements that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

All related party transactions / arrangements are placed before the Audit Committee for prior approval, supported by a statement from the Management as to the adherence of arm's length basis and being the ordinary course of business.

The policy on Related Party Transactions as approved by the Board is displayed on the Company's website.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

### **25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations

### **27. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is available at [www.filatexfashionsltd.com/investors/download/extractsofannualreturn2018.pdf](http://www.filatexfashionsltd.com/investors/download/extractsofannualreturn2018.pdf)

### **ACKNOWLEDGEMENTS**

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government of India and various State Government authorities and agencies, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of all employees of the Company.

### **For and on behalf of the Board of Directors**

Place : Hyderabad

Date : 26th November, 2018

Prabhat Sethia

Managing Director



**CAUTIONARY STATEMENT**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

**ANNEXURE TO BOARD'S REPORT**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**A. CONSERVATION OF ENERGY**

- a) Steps taken or impact on conservation of energy:  
Nil
- b) Steps taken by the company for utilising alternate sources of energy:  
Nil
- c) The capital investment on energy conservation equipments:  
Nil

**B. TECHNOLOGY ABSORPTION:**

Nil

- (a) the details of technology imported;
- (b) the year of import;
- (c) whether the technology been fully absorbed;
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

Not Applicable as there was no import of technology during the last three years.

**iv) Expenditure on R&D**

	(Rs. in lakhs)	
	2017-18	2016-17
(a) Capital Expenditure	-	--
(b) Recurring Expenditure	-	--
(c) Total Expenditure	-	--
(d) Total Expenditure on R&D as a percentage of total turnover	-	--

**C. FOREIGN EXCHANGE EARNINGS & OUTGO:**

	(Rs. in Lakhs)	
	2017-18	2016-17
Total Foreign Exchange used and earned in terms of actual inflows and actual outflow :		
Used / Outflow	Nil	Nil
Earned / Inflow	Nil	Nil



**ANNEXURE TO THE DIRECTORS' REPORT**
**[Pursuant to Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

1. The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year:

**(Explanation:** (i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values).

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the financial year:

The ratio of remuneration of each Director to the Median Remuneration of all employees who were on the payroll of the Company and the percentage increase in remuneration of the Directors during the financial year 2017-18 are given below:

Managing Director	Percentage Increase in Remuneration
Mr. Prabhat Sethia	Nil

The current Chief Financial Officer is not appointed in the Company during current financial year. Hence, increase of CFO remuneration is not applicable.

3. The percentage increase in the median remuneration of employees in the financial year: Nil
4. The number of permanent employees on the rolls of Company: .
5. The explanation on the relationship between average increase in remuneration and Company performance:  
Remuneration of employees has a close linkage with the performance of the Company. The Variable Pay (VP) component in the remuneration for all the management staff, has a direct correlation with the Company's performance. VP is calculated based on both individual and Company performance. Component of VP has a higher weightage for senior positions and lower weightage for junior positions.
6. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies:
7. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:



The percentage increase in the salaries of employees other than the managerial personnel in the last financial year is Nil as against an increase of Nil in the salary of the Managing Director (managerial personnel as defined under the Act). The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time.

11. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

The highest paid Director is the Managing Director. No employee has received remuneration in excess of the Managing Director during the year.

12. Affirmation that the remuneration is as per the Remuneration Policy of the Company:

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

**Statement of particulars of employees pursuant to Rule 5(2) and (5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the financial year ended 31st March, 2017**

Name of the Employee	Age (years)	Designation/ Nature of Duties	Qualification	Experience (years of employment)	Date of Commencement	Remuneration (Rs. in lakhs)	Last Employment / Position held	% of equity shares held in the Company
EMPLOYED THROUGHOUT THE YEAR								
1. Prabhat Sethia	53	Managing Director	B.Com	28	Since Inc	9.00	–	3.99% 3.6.

**Notes:**

- Nature of employment is contractual or as per Agreement wherever applicable. Other terms and conditions applicable to them are as per Company's rules.
- None of the employees is a relative of any Director of the Company.
- Shares held by Mr. Prabhat Sethia - 1159700

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

For the Financial Year Ended 31st March, 2017.

(Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Filatex Fashions Limited,**  
My Fair Gardens, 8-2-682/3/A & 3B Flat No 201,  
2nd Floor, Road No 12 ,Banjara Hills Hyderabad TG 500034.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Filatex Fashions Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, for ms and returns filed and other records of Filatex Fashions Limited, maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by Filatex Fashions Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder ;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”);
- (vi) Service Tax Act.
- (vii) Income Tax Act.
- (viii) Value Added Tax (VAT) Act.
- (ix) Central Sales Tax Act.
- (x) Pollution Control Laws.
- (xi) Factories Act, 1948.
- (xii) Industrial Disputes Act, 1947.
- (xiii) Payment of Wages Act, 1936.
- (xiv) Minimum Wages Act, 1948.
- (xv) Employees' State Insurance Act, 1948.
- (xvi) Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- (xvii) Payment of Bonus Act, 1965.
- (xviii) The Payment of Gratuity Act, 1972.
- (xix) The Contract Labour (Regulation & Abolition) Act, 1970.
- (xx) Maternity Benefit Act, 1961.
- (xxi) Prohibition of Child Labour (Prohibition & Regulation) Act, 1986.
- (xxii) The Industrial Employment (Standing Orders) Act, 1946.
- (xxiii) The Employees' Compensation Act, 1923. (xxiv) Equal Remuneration Act, 1976.
- (xxv) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956.

I/we have also examined compliance with the applicable clauses of the following:

- (I) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. **The Companies Act, 2013 (the Act) and the rules made thereunder** - The Company has conducted 08(Five) Board Meetings, in course of the financial year, after complying with the provisions of the Act.

It also held its Annual General Meeting on 29/09/2017 after complying with the provisions of the Act & Rules made thereunder The company has not appointed CS, CFO and CEO, MGT 14 not filed.

**Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”)-**

These regulations have become effective from 1st December, 2015 and have to be complied within 90 days from that date.

The Compliance Officer of the Company is Managing Director of the Company and company has to appoint Qualified CS as Compliance Officer, It already has a Share Transfer Agent to provide share transfer facility.

The company has filed the necessary returns mentioned in the Regulations since they came into effect.

The Board of Directors of the Company is properly constituted as per these regulations. The following committees have been constituted from among the members of the Board with a proper composition of Independent Directors -

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders Relationship Committee

All related party transactions are placed for prior approval before the Audit Committee. The Company has in place a policy for preservation of documents as per the regulations.

2. **The Securities Contracts (Regulation) Act, 1956 and the Securities Contracts (Regulation) Rules, 1957** deal with the regulation and the governance of Stock Exchanges and hence are not applicable to the Company.
3. **The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder** - These deal with regulation of transactions pertaining to securities between Depositories, Depository Participants, Issuers and Beneficial Owners. The Company is registered with the Depository Participant, Sharex Dynamic India Private Limited. and all transactions pertaining to the securities issued by the company are carried out through this agency.
4. **Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings** - From the records of the Company pertaining to the financial year ended 31st March, 2017, it is seen that no Foreign Direct Investment was made in the Company. The Company has not resorted to Overseas Direct Investment and External Commercial Borrowings during the year under review.
5. **The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011** - These Regulations deal with acquisition of listed securities by a Company and 'persons acting in concert' with it as defined in the Regulations. It is given to understand that the Company has not made any investments in listed securities during the financial year ended 31st March, 2017.
6. **The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015** - The company has formulated an Insider Trading Code for the price sensitive information pertaining to the securities issued by it and the same is strictly followed.
7. **The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)**



- Regulations, 2009** - The Company has made an issue of the type mentioned in these Regulations during the financial year ended 31st March, 2017. Hence these Regulations are applicable and are complied.
8. **The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999** - These Guidelines deal with Employee Stock Option Scheme and Employee Stock Purchase Scheme being implemented by the Company. The company does not have any Employee Stock Option Scheme or any Employee Stock Purchase Scheme. Hence these guidelines are not applicable to it.
  9. **The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008** - These Regulations are not applicable to the Company for the financial year under review as it has not made any issue of any debt securities or listed any debt securities during the financial year ended 31st March, 2017.
  10. **The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client** - These Regulations lay down the procedure for registration and regulation of the working of Registrars and Share Transfer Agents and as such do not apply to the Company.
  11. **The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009** - The Company has not delisted its equity shares listed on the Bombay Stock Exchange (BSE) during the financial year ended 31st March, 2017. Hence these Regulations are not applicable to it.
  12. **The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998** - These regulations are applicable to buy-back of shares or other specified securities of a company listed on a stock exchange. The Company has confirmed that it did not buy back any of its securities listed on the stock exchange (BSE) during the financial year. Hence, these Regulations do not apply to the company.
  13. **The Listing Agreement entered into by the Company with Bombay Stock Exchange (BSE)** - the company has filed the necessary documents and returns and supplied the information required to be submitted by it to Bombay Stock Exchange as per the Listing Agreement.
  14. **Secretarial Standards issued by The Institute of Company Secretaries of India** - the Company has complied with these standards during the financial year ended 31st March, 2017.
  15. **Service Tax Act** - The Company not registered.
  16. **Income Tax** - The Company has not filed its Income Tax Return for the Assessment Year 2014-15, during the financial year ended 31st March, 2017.
  17. **Value Added Tax (VAT)** - The Company has regularly filed monthly returns for Value Added Tax (VAT) paid.
  18. **Central Sales Tax** - The Company has regularly filed monthly returns as required.
  19. **Pollution Control Laws** – Not Applicable.
  20. **Factories Act, 1948** - The Company has obtained a license to work a factory, issued by the Directorate Industrial Safety and Health, Andhra Pradesh State,
  21. **Industrial Disputes Act, 1947** - The Company has maintained the necessary records under this Act. No industrial dispute was reported to have occurred during the financial year.

22. **Payment of Wages Act, 1936** - The requirements regarding the timely payment of wages under this Act and display of an abstract of the Act and Rules have been complied with.
23. **Minimum Wages Act, 1948** - The requirements regarding the payment of minimum wages specified by the appropriate Government and the display of the notice containing the minimum rate of wages have been complied with.
24. **Employees' State Insurance Act, 1948** – NotApplicable.
25. **Employees' Provident Fund and Miscellaneous Provisions Act, 1952** - NotApplicable
26. **Payment of Bonus Act, 1965** – NotApplicable.
27. **The Payment of Gratuity Act, 1972** – NotApplicable.
28. **The Contract Labour (Regulation & Abolition) Act, 1970** - The Company has not obtained the necessary certificate of registration for employing contract labour in its factory and has not complied with the other applicable provisions of the Act.
29. **Maternity Benefit Act, 1961** – NotApplicable.
30. **Prohibition of Child Labour (Prohibition & Regulation) Act, 1986** - It is given to understand that the Company does not employ any child labour hence this Act is not applicable to it.
31. **The Industrial Employment (Standing Orders) Act, 1946** - The Company has framed Standing Orders for its employees at the factory and the same have been registered with the concerned authorities.
32. **The Employees' Compensation Act, 1923 (earlier known as Workmen's Compensation Act, 1923)** - No accidents were reported in the factory of the Company during the year under review. Hence there was no requirement to file any returns.
33. **Equal Remuneration Act, 1976** - It is given to understand that the Company pays equal remuneration to all for same work or work of similar nature and that there is no discrimination between men and women while recruiting or subsequent to recruitment, promotion, etc.
34. **The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956** - the Company has regularly filed quarterly returns as required, during the year under review.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes.



I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Signature: sd

Name of Company Secretary in practice/Firm:

Place : Hyderabad  
Dated : 01<sup>st</sup> September, 2018.

**Vinod Sakaram**  
ACS/FCS No. 23285  
C P No.: 8345

## AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF

#### FILATEX FASHIONS LIMITED

#### Report on the IndAS financial statements

We have audited the accompanying Ind AS financial statements of **M/S. FILATEX FASHIONS LIMITED ("the Company")**, which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss including the statement of Other Comprehensive income, the Cash Flow Statement, the statement of changes in equity and a summary of the significant accounting policies and other explanatory information for the year then ended ("IndAS financial statements").

#### Management's Responsibility for the IndAS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the act") with respect to the preparation of these IndAS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these IndAS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, of its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations except the external confirmations from the parties to the Company, which to the best of our knowledge and belief were necessary for the purposes of our audit. The Management assures of the matching balances in counterparty's books.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of



the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer to Note to the Ind AS financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- d. Disclosures in the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period 8th November 2016 to 30th December 2016 have not been made since they do not pertain to financial year ended 31-03-2018.

For and on behalf of  
NG RAO & ASSOCIATES  
Chartered Accountants  
Firm Reg. No: 009399S

CA NAGESWARARAO G  
Partner  
Membership No: 207300

Place: Hyderabad  
Date:

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2018.

According to information and explanations given to us, we report that:

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets have been physically verified by the Management during the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c) The title deeds of all the immovable properties of the Company shown under the Fixed Assets schedule are held in the name of Company.
2. The inventories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable and no discrepancies were noticed at the time of verification.
3. The Company has granted no loans, secured or unsecured to companies, firms, LLP or other parties covered in the registered maintained under Section 189 of the Companies Act, 2013
4. In our opinion and information and explanations given to us, the company has complied with the provisions of section 185 and 186 of companies act, 2013 in respect of loans, investments, guarantees and securities. Loans given to Directors Rs. 204,95,657
5. The Company has not accepted any deposits to which the provisions of Sec. 73 to 76 or any other relevant provisions of the Act and the rules framed there under and the directions issued by the RBI are applicable. Hence this clause is not applicable and not commented upon.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7.
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Service tax, Duty of Customs, Duty of Excise, Valued added tax, Goods and Service Tax and other material statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. But undisputed statutory dues in respect of Sales tax, Provident Fund, Employees State Insurance, Tax deducted at source, remained outstanding for more than six months from the date it became payable as follows:



In Rs.

Liability	More than six months in Rs.	Total liability in Rs.
Tax deducted at source	12,78,560	2,82,250
Provident fund	2,11,472	2,11,472
Employees State Insurance	60,959	60,959
Sales Tax	3,96,438	3,96,438

- \* The Company has disclosed the Outstanding Income tax demands and Tax deducted at source defaults in contingent liability under Note to Contingent liabilities and commitments. This is due to the fact that assessments are pending.
- b) According to the information and explanations given to us, there are arrears of undisputed amounts payables in respect of income tax as at 31.03.2018 for a period more than six months from the date they became payable as follows:

In Rs.

Assessment Year	Amount
2014-15	5,06,750
2013-14	1,22,730
2012-13	9,18,150
2011-12	8,31,750

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of due to banks. The company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
9. No monies were raised through initial public offer or further public offer during the year. But share warrants were issued for Rs. 8,25,00,000.
10. Based upon the audit procedures performed, we report that no fraud by the Company and no fraud on the Company by its officers / employees has been noticed or reported during the course of our audit.
11. Based upon audit procedures performed the information and explanations given to us, the Managerial Remuneration has been paid / provided in accordance with the requisite approvals mandated by Sec. 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Co. and therefore clause 3(12) of the Order is not applicable to the Company and we do not comment upon this provision.
13. In our opinion, all the Related Party Transactions entered into by the Company during the year are in compliance with the provisions Sec. 188 & 177 of the Act and the details thereof have been disclosed in the Financial Statements as required by the Accounting standards and the Act.
14. Based upon audit procedures performed the information and explanations given to us, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. The Company has not entered into any non-cash transactions with directors / persons connected with him as stipulated u/s. 192 of the Act. Clause 3(15) of the Order is therefore not applicable to the Company.
15. In our opinion, the Company is not required to be registered u/s 45-IA of the Reserve Bank of India Act, 1934.

**For and on behalf of : NGR AO & ASSOCIATES**

Chartered Accountants, Firm Reg. No: 009399S

**CANAGESWARARAO G**

Partner

Membership No: 207300

Place: Hyderabad

Date:

**ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s. FILATEX FASHIONS LIMITED as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and (3) provide reasonable assurance



regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of the information and explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of  
**NG RAO & ASSOCIATES**  
Chartered Accountants  
Firm Reg. No: 009399S

**CA NAGESWARARAO G**  
Partner  
Membership No: 207300

Place: Hyderabad  
Date:



## BALANCE SHEET

Particulars	Note No.	31 March 2018	31 March 2017	01 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	24,087,879	29,104,544	36,748,452
Capital work-in-progress	2	13,500,000	13,500,000	13,500,000
Financial assets				
(a) Deposits, loans and advances	3	20,974,456	536,799	416,465
Deferred Tax Assets (net)	4	456,814	288,008	827,191
Other non-current assets	5	22,943,293	19,908,350	19,908,350
		<b>81,962,442</b>	<b>63,337,701</b>	<b>71,400,458</b>
<b>Current Assets</b>				
Inventories	6	6,074,929	6,569,824	28,393,790
Financial assets				
(a) Trade receivables	7	302,408,829	282,943,456	832,452,394
(b) Cash and cash equivalents	8	7,330,356	4,206,246	11,922,910
(c) Bank balances other than (b) above	9	1,427,612	1,344,536	1,031,183
Other current assets	10	44,493,170	42,981,302	25,074,523
		<b>361,734,896</b>	<b>338,045,364</b>	<b>898,874,800</b>
<b>Total Assets</b>		<b>443,697,338</b>	<b>401,383,065</b>	<b>970,275,258</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	11	145,272,725	145,272,725	145,272,725
Other equity	12	269,959,063	186,839,543	187,470,623
<b>Total Equity</b>		<b>415,231,788</b>	<b>332,112,268</b>	<b>332,743,348</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
(a) Borrowings	13	13,432,439	42,104,414	19,378,097
<b>Current liabilities</b>				
Financial liabilities				
(a) Trade payables	14	3,268,423	1,717,106	588,525,798
(b) Other financial liabilities	15	1,191,060	1,131,060	780,000
Provisions	16	630,541	2,713,602	3,113,602
Other current liabilities	17	9,943,086	21,604,615	25,734,413
		<b>15,033,110</b>	<b>27,166,383</b>	<b>618,153,813</b>
<b>Total Equity and liabilities</b>		<b>443,697,338</b>	<b>401,383,065</b>	<b>970,275,258</b>
<b>Significant accounting policies</b>	1			

The notes referred to above form an integral part of financial statements

As per our report of even date

For N. G. RAO & ASSOCIATES

Chartered Accountants

FRN: 009399S

CA. NAGESWARARAO G

Partner

Membership No: 207300

Place: Hyderabad

Date:

For and on behalf of the Board of Directors of

FILATEX FASHIONS LTD

CIN: L51491TG1994PLC017158

PRABHAT SETHIA

Managing Director

SANJAY I. BORA

Director

**PROFIT AND LOSS**

	Particulars	Note No.	31 March 2018	31 March 2017
	<b>Income</b>			
I	Revenue from operations	18	196,510,205	382,169,711
II	Other income	19	226,582	193,457
III	<b>Total Income (I+II)</b>		<b>196,736,787</b>	<b>382,363,168</b>
	<b>Expenses</b>			
	Cost of materials consumed	20	169,909,521	354,612,134
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	21	1,301,751	929,509
	Employee benefits expense	22	6,757,095	5,711,418
	Finance costs	23	1,364,769	1,563,228
	Depreciation and amortization expense	2	5,016,665	8,867,042
	Other expenses	24	11,348,422	10,171,734
	<b>Total expenses</b>		<b>195,698,223</b>	<b>381,855,065</b>
V	Profit/(loss) before exceptional and tax (III-IV)		1,038,564	508,103
VI	Exceptional items		-	-
VII	Profit before tax (V-VI)		1,038,564	508,103
VIII	Tax expense:			
	Current tax		587,850	600,000
	Deferred tax		-168,806	539,183
IX	Profit/(loss) for the period from continuing operations (VII-VIII)		619,520	-631,080
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		619,520	-631,080
XIV	Other comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	Total comprehensive income for the period (XIII+XIV)		619,520	-631,080
XVI	Earnings per equity share (for continuing operation)			
	(1) Basic		0.0213	-0.0217
	(2) Diluted		0.0062	-0.0217
XVII	Earnings per equity share (for discontinued operation)			
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	Earnings per equity share (for discontinued & continuing operations)			
	(1) Basic		0.0213	-0.0217
	(2) Diluted		0.0062	-0.0217

The notes referred to above form an integral part of financial statements

As per our report of even date

For N. G. RAO & ASSOCIATES

Chartered Accountants

FRN: 009399S

CA. NAGESWARARAO G

Partner

Membership No: 207300

Place: Hyderabad

Date:

For and on behalf of the Board of Directors of

FILATEX FASHIONS LTD

CIN: L51491TG1994PLC017158

PRABHAT SETHIA

Managing Director

SANJAY I. BORA

Director





## CASH FLOW STATEMENT

	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>A.</b>	<b>Cash flow from Operating activities</b>		
	Profit before tax	1,038,564	508,103
	Adjustments for:		
	Depreciation and Amortisation	5,016,665	8,867,042
	Interest expense	1,364,769	1,563,228
	Interest Income	-123,427	-98,237
	<b>Operating Profit Before Working Capital Changes</b>	<b>6,258,007</b>	<b>10,332,033</b>
		<b>7,296,571</b>	<b>10,840,136</b>
	Change in Trade Receivables	-19,465,373	549,508,938
	Change in Deposits, loans and advances	-20,437,657	-120,334
	Change in Inventories	494,895	21,823,966
	Change in Other Non current	-3,034,943	-
	Change in Other Current Assets	-1,511,868	-17,906,779
	Change in Trade Payables	1,551,317	-586,808,692
	Change in Other Financial Liabilities	60,000	351,060
	Change in Provisions	-2,083,061	-400,000
	Change in Other Current liabilities	-11,661,529	-4,129,798
		-56,088,219	-37,681,639
	Cash Generated from Operating activities	-48,791,647	-26,841,503
	<i>less: Taxes Paid</i>	587,850	600,000
	Net Cash Generated from Operating activities	-49,379,497	-27,441,503
<b>B.</b>	<b>Cash flow from Investment activities</b>		
	Capital Expenditure on Fixed Assets including CWIP	-	-1,223,134
	Interest received On Fixed Deposits	123,427	98,237
	Net Cash used in Investing Activities	123,427	-1,124,897
<b>C.</b>	<b>Cash flow from Financing activities</b>		
	Increase in Share Capital including Premium	82,500,000	-
	Proceeds from Long & Short Borrowings	-28,671,975	22,726,317
	Interest paid on borrowings	-1,364,769	-1,563,228
	Net Cash flow from Financing activities	52,463,256	21,163,089
	<b>Net Cash Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>3,207,186</b>	<b>-7,403,311</b>
	<b>Cash and Cash equivalents at the beginning of the Year</b>	<b>5,550,782</b>	<b>12,954,093</b>
	<b>Cash and Cash equivalents at the end of the Year*</b>	<b>8,757,968</b>	<b>5,550,782</b>

The notes referred to above form an integral part of financial statements  
As per our report of even date

For N. G. RAO & ASSOCIATES

Chartered Accountants

FRN: 009399S

CA.NAGESWARARAO G

Partner

Membership No: 207300

Place: Hyderabad

Date:

For and on behalf of the Board of Directors of

FILATEX FASHIONS LTD

CIN: L51491TG1994PLC017158

PRABHAT SETHIA

Managing Director

SANJAY I. BORA

Director

**SCHEDULES****Statement of changes in equity****(a) Equity share capital****Amount in Rs.**

<b>Particulars</b>	<b>No. of shares</b>	<b>Amount</b>
Balance as at 1 April 2016	29,054,545	145,272,725
Changes in equity share capital	-	-
<b>Balance as at 31 March 2017</b>	<b>29,054,545</b>	<b>145,272,725</b>
Changes in equity share capital	-	-
<b>Balance as at 31 March 2018</b>	<b>29,054,545</b>	<b>145,272,725</b>

**(b) Other equity****Amount in Rs.**

<b>Particulars</b>	<b>Reserves and surplus Securities premium</b>	<b>General Reserve</b>	<b>Retained earnings</b>	<b>Share warrants issued</b>	<b>Total</b>
Balance as at 1 April 2016	76,250,000	52,067,265	59,153,358	-	187,470,623
Movement during the year		-	-631,080	-	-631,080
<b>Balance as at 31 March 2017</b>	<b>76,250,000</b>	<b>52,067,265</b>	<b>58,522,278</b>	<b>-</b>	<b>186,839,543</b>
Movement during the year	-	-	619,520	82,500,000	83,119,520
<b>Balance as at 31 March 2018</b>	<b>76,250,000</b>	<b>52,067,265</b>	<b>59,141,798</b>	<b>82,500,000</b>	<b>269,959,063</b>

The notes referred to above form an integral part of financial statements

As per our report of even date

For **N. G. RAO & ASSOCIATES**  
Chartered Accountants  
FRN: 009399S

For and on behalf of the Board of Directors of  
**FILATEX FASHIONS LTD**  
CIN: L51491TG1994PLC017158

**CA. NAGESWARARAO G**  
Partner  
Membership No: 207300

**PRABHAT SETHIA**  
Managing Director

**SANJAY I. BORA**  
Director

Place: Hyderabad  
Date:

**Note2: Property, Plant and equipment****Amount in Rs.**

Particulars	Land	Building	Plant and Machinery	Electrical Installations and equipment	Computers	Furniture & Fixtures	Vehicles	Total PPE	Capital WIP
Gross Carrying amount as at April 01, 2016	1,378,660	6,223,734	21,789,073	635,084	17,416	1,338,314	5,366,171	36,748,452	13,500,000
Addition during the year	-	-	-	-	-	-	1,223,134	1,223,134	-
Deduction during the year	-	-	-	-	-	-	-	-	-
Depreciation For the year	-	487,512	7,116,499	177,823	15,082	303,475	766,651	8,867,042	-
Net Carrying amount as at March 31, 2017	1,378,660	5,736,222	14,672,574	457,261	2,334	1,034,839	5,822,654	29,104,544	13,500,000
Addition during the year	-	-	-	-	-	-	-	-	-
Deduction during the year	-	-	-	-	-	-	-	-	-
Depreciation For the year	-	544,941	2,576,460	118,385	1,474	267,920	1,507,485	5,016,665	-
Net Carrying amount as at March 31, 2018	1,378,660	5,191,281	12,096,114	338,876	860	766,919	4,315,169	24,087,879	13,500,000

**Note:**

The company has elected to continue with the carrying value of its Property plant and equipment (PPE) recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and used that carrying value as its deemed cost as on the transition date as per para D7AA of IndAS 101.

**Notes to the financial statements as at 31 March 2018 (continued)**

Note	Particulars	31 March 2018	31 March 2017	01 April 2016
<b>3</b>	<b>Deposits, loans and advances</b>			
	<b>(i) Security Deposits</b>			
	Secured, considered good			
	Unsecured, considered good	197,465	205,465	205,465
	Doubtful	-	-	-
	Less: Provision for doubtful advances	-	-	-
		<b>197,465</b>	<b>205,465</b>	<b>205,465</b>
	<b>(ii) Rental advances</b>			
	Secured, considered good	-	-	-
	Unsecured, considered good	281,334	331,334	211,000
	Doubtful	-	-	-
	Less: Provision for doubtful advances	-	-	-
		<b>281,334</b>	<b>331,334</b>	<b>211,000</b>
	<b>(iii) Advance against property</b>			
	Prabhat Sethia	18,767,657	-	-
	Sangeeta Sethia	1,728,000	-	-
		<b>20,495,657</b>	-	-
	<b>Total of Deposits, loans and advances</b>	<b>20,974,456</b>	<b>536,799</b>	<b>416,465</b>



<b>4</b>	<b>Deferred Tax Assets (net)</b>			
	Opening balance of Deferred Tax Asset/(liability)	288,008	827,191	-709,469
	add: Deferred Tax Asset/(liability)	168,806	539,183	1,536,660
	Closing balance of Deferred Tax Asset/(liability)	<b>456,814</b>	<b>288,008</b>	<b>827,191</b>
<b>5</b>	<b>Other non-current assets</b>			
	Capital advances	19,908,350	19,908,350	19,908,350
	Income Tax 14-15	3,034,943	-	-
		<b>22,943,293</b>	<b>19,908,350</b>	<b>19,908,350</b>
<b>6</b>	<b>Inventories</b>			
	Raw material	2,567,300	1,760,444	22,654,901
	Stock in progress	686,340	765,080	1,809,809
	Finished Goods	2,821,289	4,044,300	3,929,080
		<b>6,074,929</b>	<b>6,569,824</b>	<b>28,393,790</b>
<b>7</b>	<b>Trade receivables</b>			
	Secured, considered good	-	-	-
	Unsecured, considered good	302,408,829	282,943,456	832,452,394
	Doubtful	-	-	-
	Less: Provision for doubtful advances	-	-	-
		<b>302,408,829</b>	<b>282,943,456</b>	<b>832,452,394</b>
<b>8</b>	<b>Cash and cash equivalents</b>			
	Balances with banks on current accounts	410,712	2,584,974	596,054
	Cash on hand	6,919,644	1,621,272	11,326,856
		<b>7,330,356</b>	<b>4,206,246</b>	<b>11,922,910</b>
<b>9</b>	<b>Bank Balances other than above</b> (Includes fixed deposits placed as security margin against borrowings Obtained)	<b>1,427,612</b>	<b>1,344,536</b>	<b>1,031,183</b>
<b>10</b>	<b>Other Current Assets</b>			
	<b>Other loans - Advance to suppliers</b>			
	Secured, considered good	-	-	-
	Unsecured, considered good	44,343,916	42,981,302	25,074,523
	Doubtful	-	-	-
	Less: Provision for doubtful advances	-	-	-
	GST Input	149,254	-	-
		<b>44,493,170</b>	<b>42,981,302</b>	<b>25,074,523</b>

## Notes to the financial statements as at 31 March 2018 (continued)

Note	Particulars		31 March 2018	31 March 2017	01 April 2016
11	<b>Equity share capital</b>				
	<b>Authorised Capital</b>				
	2,92,00,000 equity Shares of Rs 5 each		146,000,000	146,000,000	146,000,000
	<b>Issued, subscribed and fully Paid-up</b>				
	2,90,54,545 equity Shares of Rs 5 each		145,272,725	145,272,725	145,272,725
	<b>Notes:</b>				
	<b>(i) Rights, preferences and restrictions attached to equity shares</b>				
	The Company has only one class of equity shares having a par value of Rs. 5/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the No. of Equity Shares held by the shareholders.				
	<b>(ii) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :</b>				
		<b>As at</b>		<b>As at</b>	
		<b>31st March,</b>		<b>31st March,</b>	
		<b>2018</b>		<b>2017</b>	
		<b>Number of</b>	<b>Amount</b>	<b>Number of</b>	<b>Amount</b>
	<b>Equity shares</b>	<b>shares</b>		<b>shares</b>	
	Shares outstanding at the beginning of the year	29,054,545	145,272,725	29,054,545	145,272,725
	Issue of shares during the year	-	-	-	-
	Shares outstanding at the end of the year	29,054,545	145,272,725	29,054,545	145,272,725
	<b>(iii) Details of shares held by each share holder more than 5% of equity shares :</b>				
		<b>Number of</b>	<b>% of Holding</b>	<b>Number of</b>	<b>% of Holding</b>
	<b>Name of Shareholder</b>	<b>shares</b>		<b>shares</b>	
	Vinod Duggar	2,000,000	6.88%	2,000,000	6.88%
12	<b>Other equity</b>				
	<b>(i) Reserves and surplus</b>				
	<b>Securities premium account</b>				
	Balance at the beginning of the year		76,250,000	76,250,000	14,500,000
	Movement during the year		-	-	61,750,000
			<b>76,250,000</b>	<b>76,250,000</b>	<b>76,250,000</b>
	<b>General Reserve</b>				
	Balance at the beginning of the year		52,067,265	52,067,265	52,067,265
	Movement during the year		-	-	-
			<b>52,067,265</b>	<b>52,067,265</b>	<b>52,067,265</b>
	<b>Retained Earnings</b>				
	Balance at the beginning of the year		58,522,278	59,153,358	59,476,673
	Add: (loss)/profit for the year		619,520	-631,080	-323,315
			<b>59,141,798</b>	<b>58,522,278</b>	<b>59,153,358</b>
			<b>187,459,063</b>	<b>186,839,543</b>	<b>187,470,623</b>



	(ii) Money received against share warrants			
	Share warrants Issued, subscribed and not fully Paid-up			
	7,13,60,000 warrants of Rs 5 each and Rs 1.25 paid*	82,500,000	-	-
		269,959,063	186,839,543	187,470,623
	* For 53,60,000 warrants company didn't receive any amount. (53,60,000*1.25=67,00,000)			
13	<b>Borrowings</b>			
	<b>(a) Term loans from Banks</b>			
	Secured	676,818	869,580	-
	Unsecured	-	-	-
		676,818	869,580	-
	<b>(b) Term loans from NBFCs</b>			
	Secured	1,822,693	2,851,524	3,629,441
	Unsecured	-	-	-
		1,822,693	2,851,524	3,629,441
	Total term loans	2,499,510	3,721,104	3,629,441
	less Current maturities of long term debt	-1,191,060	-1,131,060	-780,000
		1,308,450	2,590,044	2,849,441
	<b>(c) Intercompany Deposits</b>			
	Secured	-	-	-
	Unsecured	12,123,989	19,535,291	2,195,291
		12,123,989	19,535,291	2,195,291
	<b>(d) Loans from Directors</b>			
	Secured	-	-	-
	Unsecured	-	19,979,079	14,333,365
		-	19,979,079	14,333,365
		13,432,439	42,104,414	19,378,097
14	<b>Trade payables</b>			
	Payable to Micro, Small and Medium enterprises	-	-	-
	enterprises	3,268,423	1,717,106	588,525,798
	payable to other than Micro Small & Medium enterprises	3,268,423	1,717,106	588,525,798
15	<b>Other financial liabilities</b>			
	Current maturities of Long term debt	1,191,060	1,131,060	780,000
16	<b>Provisions</b>			
	Provision for Income Tax	630,541	2,713,602	3,113,602
17	<b>Other current liabilities</b>			
	TDS Payable	1,563,810	1,619,117	1,275,560
	VAT/CST Payable	396,438	1,380,713	784,948
	Salaries or wages payable including directors remuneration	18,630	65,778	342,406
	Provident Fund Payable	211,472	211,472	211,472
	ESI Payable	60,959	60,959	60,959
	Other Current liabilities	7,691,777	18,266,576	23,059,068
		9,943,086	21,604,615	25,734,413

Note	Particulars	31 March 2018	31 March 2017
<b>18</b>	<b>Revenue from operations</b>		
	Sale of Products	196,510,205	382,169,711
	Sale of Services and	-	-
	Other operating revenues	-	-
		<b>196,510,205</b>	<b>382,169,711</b>
<b>19</b>	<b>Other income</b>		
	Interest Income	123,427	98,237
	Income from Ground rent	103,155	95,220
		<b>226,582</b>	<b>193,457</b>
<b>20</b>	<b>Cost of materials consumed</b>		
	Opening Stock of raw materials	1,760,444	22,654,901
	Purchases	170,716,377	333,717,677
	<i>less: Closing stock</i>	2,567,300	1,760,444
	Total cost of raw material consumed	<b>169,909,521</b>	<b>354,612,134</b>
<b>21</b>	<b>Changes in inventories of finished goods, stock-in-trade and work-in-progress</b>		
	Opening stock		
	Finished goods	4,044,300	3,929,080
	Work in progress	765,080	1,809,809
	<i>Less: Closing stock</i>		
	Finished goods	2,821,289	4,044,300
	Work in progress	686,340	765,080
	<b>Change in Inventories</b>	<b>1,301,751</b>	<b>929,509</b>
<b>22</b>	<b>Employee benefits expense</b>		
	Salaries, Wages and other allowances	5,843,680	4,807,387
	Directors remuneration	900,000	900,000
	Staff welfare	13,415	4,031
		<b>6,757,095</b>	<b>5,711,418</b>
<b>23</b>	<b>Finance Cost</b>		
	Interest expense	498,740	418,364
	Other borrowing costs (Bank Charges)	866,029	1,144,864
		<b>1,364,769</b>	<b>1,563,228</b>
<b>24</b>	<b>Other expenses</b>		
	Electricity Charges	3,800,787	3,565,043
	Rent	1,230,000	1,259,666
	Traveling Expenses	2,633,890	2,377,417
	Legal & Professional	1,203,832	812,760
	Transportation charges	1,182,881	29,876
	Repairs and maintainance	339,460	908,849
	Insurance	111,445	62,479
	Expenses other than above	846,127	1,155,644
		<b>11,348,422</b>	<b>10,171,734</b>



Note	Particulars	31 March 2018	31 March 2017
<b>25</b>	<b>Contingent liabilities and commitments</b>		
	(a) Outstanding Tax Demands as per income tax portal	180,178,022	-
	(b) TDS Defaults as per income tax portal	622,820	-
		<b>180,800,842</b>	<b>-</b>

Note: Outstanding demands of Income tax and TDS defaults are not recognised as debt as the assessments are yet to complete so the company has no reasonable certainty for the liability in this regard.

Particulars	PM	PM	B	FF	Total
Rate	15%	40%	10%	10%	
WDV as on 31.03.2017	18,951,925	2,351,740	5,297,312	1,571,502	28,172,479
Depreciation	2,842,789	940,696	529,731	157,150	4,470,366
WDV as on 31.03.2018	16,109,136	1,411,044	4,767,581	1,414,352	23,702,113

Depreciation as per books	Depreciation as per IT	Timing Difference	IT Rate	DTA
5,016,665	4,470,366	546,299	30.90%	168,806

Particulars	Amount Rs.
Opening Deferred Tax Asset / (liability)	288,008
add: DTA/ (DTL)	168,806
	<b>456,814</b>
DTA a/c Dr	168,806
DT expense a/c	168,806
DT expense a/c	168,806
PL a/c	168,806

Particulars	Useful life in years
Buildings - Factory	30
Plant and machinery	15 & 20
Electrical fittings	10
Furniture and fittings	10
Vehicles	10
Computer equipments	3

Particulars	Shares
Shares Outstanding	29,054,545
Diluted Potential Ordinary Shares	71,360,000
	<b>100,414,545</b>



## NOTE TO THE FINANCIAL ACCOUNTS

### Notes to the financial statements as at 31 March 2018

#### Note 1 Significant accounting Policies

##### 1. Company overview

FILATEX FASHIONS LIMITED ("the Company" or "FFL") is a listed company which was incorporated on 08-03-1994. The principal activity of the company is to manufacture Socks. The Company's Factory is situated at Plot No. 1, SY No.42, Chetlapotharam villages, Jinnaram mandal, Medak District, Hyderabad - 500043, Telangana, India. The company has its registered office at Flat No.201, Mayfair Garden Apartments, Road No.12, Banjara Hills, Hyderabad - 500 034, Telangana, India.

##### 2. Significant accounting policies and critical accounting estimate and judgments

###### Basis for preparation of financial statements

###### 2. a. First time adoption of Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS financial statements and Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the years presented.

###### 2. b. Historical cost convention

The financial statements have been prepared under the historical cost convention. The company has no asset/liability that is measured at Fair Value. Loan commitments are measured at carrying value as they are excluded from Ind AS 109 (paragraph 2.1 (g))

###### 2. c. Current vis-à-vis non-current classification

The Company presents assets and liabilities in the balance sheet based on Current/Non-Current classification. An asset is current when it satisfies any of following criteria

- It is expected to be realised or intended to sold or consumed in normal operating cycle.
- It is held primarily for purpose of trading.
- It is expected to be realised within twelve months after the reporting period or
- It is Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria

- It is expected to be settled in normal operating cycle.
- It is held primarily for purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- Current liabilities include the current portion of non-current financial liabilities . All other liabilities are classified as non-current.

Operating cycle Operating cycle is the Time between acquisition of assets for processing and their realization in cash or cash equivalents. Accordingly, the Company has ascertained its Operating Cycle as 12 months for the purpose of current-noncurrent classification of assets and liabilities.

Deferred tax assets/liabilities are classified as non-current. Tax assets that are intended to be availed after one year are classified as non-current.

###### 2. d. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The company has not stated any asset/liability in its financial statements for the following reasons

a. Property, Plant and Equipment Paragraph D7AA of the Ind AS 101 states that "where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition". Hence the company has decided to continue with the carrying value of Rs. 291,04,543 as appearing in the closing balance sheet as at 31st march 2017 as the opening balance.



b. Financial instruments Paragraph 2.1 (g) of the Ind AS 109 states that the loan commitments other than specific items mentioned in the standard are not included in the scope of the standard and hence the company chooses to state them in their carrying value along with accrued and uncleared interest. For financial assets namely deposits and trade receivables, the company presents them in their amortised cost according to same IndAS.

**2. e. Functional and Presentation Currency**

The financial statements are presented in Indian Rupee(Rs.) which is also the functional and presentation currency of the company

**2.f. Use of Estimates**

The preparation of the financial statements in conformity with General Accepted Accounting Principles (GAAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses and disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on ongoing basis any revision to accounting estimates is recognised prospectively.

**3. Taxes**

Income tax expense comprises of current tax expense and deferred tax expenses. Current and deferred taxes are recognised in Statement of Profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**4. Borrowing Costs**

Borrowing Costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the statement of profit and loss.

**5. Property, Plant and equipment (PPE)**

All items of property, plant and equipment, including land are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Subsequent to initial recognition, PPE other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

The cost of an item of PPE is recognised as asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Items such as spare parts, stand by equipment and servicing equipment that meet the definition of PPE are capitalised at cost and depreciated over their useful life. Depreciation on PPE is provided on the written down value method and consistent with policies followed in IGAAP period. It is computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013. Capital work in progress are not depreciated as these assets are yet to be used. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year and adjusted prospectively, if appropriate.

Particulars	Useful life in years
Buildings - Factory	30
Plant and machinery	15 & 20
Electrical fittings	10
Furniture and fittings	10
Vehicles	10
Computer equipments	3

**6. Intangible Assets**

An intangible asset is an identifiable non-monetary asset without physical substance. Paragraph 4 of Ind AS 38 Intangible Assets states that "In determining whether an asset that incorporates both intangible and tangible elements should be treated under IndAS 16, Property, Plant and Equipment, or as an intangible asset under this Standard, an entity uses judgement to assess which element is more significant".

## 7. Impairment of assets

The carrying values of PPE and Intangible assets are reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable in line with **Paragraph 9 of Ind AS 36 Impairment of Assets** that states "An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset." The company's technical staff regularly assess each assets for their impairment and for the year ended 31st March 2018, they have asserted that no impairment is needed for any of the assets.

## 8. Inventories

Inventories, Stores and spare parts are valued at lower of cost and net realisable value after providing for obsolescence, if any. Stores and spare parts, that do not qualify to be recognised as PPE consists of engineering spares and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process.

## 9. Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liability which is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity is shown in schedule 25 Contingent liabilities and assets. They include Bank guarantees and Letters of credit outstanding apart from other unascertained contingencies.

## 10. Employee Benefits

### 10. a. Long term obligations

#### Defined contribution plan

The company pays provident fund contributions to publicly administered provident funds as per Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The company has no further payment obligations. Once the contributions have accrued, the contributions are accounted for as expenditure.

#### Defined benefit plan

The company provides for gratuity defined benefit retirement plan covering eligible employees. The Gratuity due is not subjected to any Actuarial valuation and the due is not transferred to any Employee Gratuity Trust. The Management has decided to carry out the activities regarding this in the year of resumption of operations.

Liability recognised in Balance sheet in respect of defined benefit plans is the portion provided for and not cleared by transfer to any trusts as stipulated under respective enactment.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in Statement of Changes in Equity and in the Balance Sheet. Changes in present value of defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as per past service cost.



#### 10. b. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after end of the period in which the employees render related service are recognised in respect of employees services up to end of reporting period and are measured at amounts expected to be paid when the liabilities are settled. Unavailed leave encashment is a short-term liability since the company has the policy of paying in monetary equivalence, the leaves that were not availed, along with March month salary. This is shown as short-term liability in Balance Sheet.

The liabilities are presented as current employee benefit obligations in the balance sheet.

#### 11. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

##### a. Financial assets

The Company's financial assets include Cash and equivalents, trade receivables and deposits in banks. At initial recognition, the Company measures financial assets other than trade receivables at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss. For trade receivables, the company recognizes the assets at transaction value.

##### b. Financial liabilities

The company's financial liabilities include trade payables and loans with banks. The company initially recognizes its loans in transaction value and does not remeasure the balances in fair value since they are excluded from the scope of Ind AS 109 Financial Instruments (paragraph 2.1 (g)). The company has no Government subsidised loan or derivative financial liabilities for fair value measurement. The trade payables are recognized at transaction value.

#### 12. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represent amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This coincides with the passing of possession to the buyer.

#### 13. Effects of changes in foreign exchange rates

Exchange difference is the difference resulting from translating a given number of units of one currency into another currency at different exchange rates. The company has no foreign operation. The company has no hedging contracts. The company had no reserves held for the purpose of exchange difference in foreign currency at the date of transition.

#### 14. Earnings per share

##### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

##### Diluted earnings per share

Diluted earnings per share is calculated by dividing:

- adjusted profit or loss attributable to the equity share holders
- by weighted number of shares for the effects of all diluted potential shares

#### 15. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**Form No. MGT-12 BALLOT PAPER**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

Name of the company : **FILATEX FASHIONS LIMITED**

CIN : L51491TG1994PLC017158

Registered Office : My Fair Gardens, 8-2-682/3/A & 3B, Flat No 201, 2nd Floor, Road No 12 Banjara Hills, Hyderabad – Telangana 500034 India

S. No.	Particulars	Details
1.	Name of the First Named Shareholder (In block letters)	
2.	Registered Address	
3.	Registered folio No. / * Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Share	
5.	No. Of shares Held by Me	

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Item No..	Particulars	I assent to the Resolution	I dissent from the resolution
1.	To receive, consider and adopt the Financial Statement of the Company for the financial year ended March 31, 2018:		
2.	Re-appointment of Mr. Sangæta Sethia (DIN: 02600900), as a Director liable to retire by rotation		
3.	Appointment of M/s C M T & ASSOCIATES, Chartered Accountants, Hyderabad as Auditors of the Company and to fix their remuneration:		
4.	Regularization of Appointment of Mr. Om Prakash Sharma (DIN 02467963) as an Independent Non Executive Director:-		
5.	Regularization of Appointment of Mr. Vallam Setty Raghuram (DIN 08037371) as an Independent Non Executive Director:-		
6.	Regularization of Appointment of Mr. Mutyala Krishna Rao (DIN 08037400) as an Independent Non Executive Director:-		

Place : Hyderabad

Date : 24th December, 2018

(Signature of shareholder)

E-VOTING Users who wish to opt for e-voting may use the following login credentials. Please follow the steps for e-voting procedure as given in the Notice of AGM by logging on to <https://www.evotingindia.com/>



**FILATEX FASHIONS LIMITED**

Regd. Office: MY FAIR GARDENS, 8-2-682/3/A & 3B, FLAT NO 201, 2ND FLOOR, ROAD NO 12 BANJARA HILLS, HYDERABAD– TELANGANA 500034 INDIA. Phone: (040 - 66748931) ; Fax: 040 - 66748930; E-mail : unisox@yahoo.com; CIN : L51491TG1994PLC017158

S. No.	Particulars	Details
1.	Name of the First Named Shareholder (In block letters)	
2.	Registered Address	
3.	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Share	
5.	No. Of shares Held by Me	

**ATTENDANCE SLIP**

24<sup>th</sup> Annual General Meeting of FILATEX FASHIONS LIMITED

Regd. Office: MY FAIR GARDENS, 8-2-682/3/A & 3B, FLAT NO 201, 2ND FLOOR, ROAD NO 12 BANJARA HILLS, HYDERABAD – TELANGANA 500034 INDIA

**Name of the attending Member/Proxy (in block letters) :**

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting held at 10.00 AM. on 24<sup>th</sup> December 2018, being held at registered office of the company.

Member's / Proxy's Signature

**Note :** Please bring this attendance slip to the meeting and handover at the entrance duly filled in.

**FORM No. MGT-11**

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

**PROXY FORM**

<b>Name of the Member(s)</b>	
<b>Registered address</b>	
<b>Email ID</b>	
<b>Folio No. / Client ID</b>	
<b>DP ID</b>	

**We being a member(s) of Filatex Fashions Limited hereby appoint**

**1.**

<b>Name</b>	
<b>Address</b>	
<b>Signature</b>	
<b>Email ID</b>	

**failing him**

**2.**

<b>Name</b>	
<b>Address</b>	
<b>Signature</b>	
<b>Email ID</b>	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on, the 24th December, 2018 at 10.00 AM. at the registered office of the Company at MY FAIR GARDENS, 8-2-682/3/A & 3B, FLAT NO 201, 2ND FLOOR, ROAD NO 12 BANJARA HILLS, HYDERABAD – TELANGANA 500034, and at any adjournment thereof in respect of such resolutions as are indicated below:

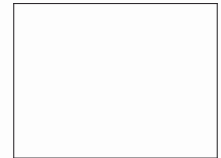
<b>S.No.</b>	<b>Item Particulars</b>
<b>1</b>	To receive, consider and adopt the Financial Statement of the Company for the financial year ended March 31, 2018:
<b>2</b>	Re-appointment of Mr. Sangeeta Sethia (DIN: 02600900), as a Director liable to retire by rotation
<b>3</b>	Appointment of M/s C M T & ASSOCIATES, Chartered Accountants, Hyderabad as Auditors of the Company and to fix their remuneration:
<b>4</b>	Regularization of Appointment of Mr. Om Prakash Sharma (DIN 02467963) as an Independent Non Executive Director:-
<b>5</b>	Regularization of Appointment of Mr. Vallam Setty Raghuram (DIN 08037371) as an Independent Non Executive Director:-
<b>6</b>	Regularization of Appointment of Mr. Mutyala Krishna Rao (DIN 08037400) as an Independent Non Executive Director:-



Signed this day of \_\_\_\_\_ 2018

Signature of Shareholder(s):

Affix  
Revenue  
Stamp



Signature of Proxy Holder(s):

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





*Filatex Fashions Ltd.*



*Filatex Fashions Ltd.*



*Filatex Fashions Ltd.*



*Filatex Fashions Ltd.*

# OUR BRANDS



*Filatex Fashions Ltd.*



ISO 9001:2015 Certified

## Factory

Filatex Fashions Ltd  
Plot no.1, Survey no. 42  
Chetalapatharam Village  
Jinnaram Mandal Medak Dist.,  
Telangana, India.

## Office

Filatex Fashions Ltd  
#201 Mayfair Garden Apartment  
Road no.12, Banjara Hills, Hyderabad,  
Telangana, India.  
Ph: 040 6674 8931  
Fax: +91 040 6674 8930  
Email: [unisa@yahoo.com](mailto:unisa@yahoo.com)